

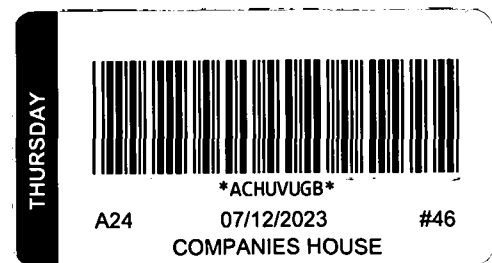
FARRER&Co

Farrer & Co LLP

Report & Financial Statements

Year ended 30 April 2023

Registration Number OC323570



Members' report

Year ended 30 April 2023

The Management Board is pleased to present its report on behalf of the members of Farrer & Co LLP and the audited financial statements for the year ended 30 April 2023.

Firm structure

Farrer & Co LLP ("the LLP") is a limited liability partnership registered in England and Wales. The firm's financial statements are drawn up to 30 April of each year.

A list of members' names is available for inspection at 66 Lincoln's Inn Fields, London WC2A 3LH, United Kingdom, which is also Farrer & Co LLP's principal place of business and registered office. More information about Farrer & Co LLP is available on our website, www.farrer.co.uk.

Principal activity

The firm's principal activity is the provision of legal services in the UK.

Designated members

The designated members who served throughout the period and subsequently were:

Anne-Marie Piper (resigned 30 April 2023)

Jeremy Gordon (appointed 1 May 2023)

Sam Macdonald

Rachel Lewis

Laurie Horwood

Members' drawings and capital policy

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

The level of members' capital is determined by the members from time to time. Capital is repaid to members on resignation or retirement from the firm.

Members' report (continued)

Year ended 30 April 2023

Statement of members' responsibilities

The members are responsible for preparing the annual report and 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 firm and of the profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 firm will continue in business.

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

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Auditor

Crowe U.K. LLP has expressed their willingness to continue in office as auditor.

Signed on behalf of the Management Board:



Rachel Lewis
Designated member

Date: 19 September 2023

Independent auditor's report to the members of Farrer & Co LLP

Year ended 30 April 2023

Opinion

We have audited the financial statements of Farrer & Co LLP (the LLP) for the year ended 30 April 2023 which comprise the Statement of comprehensive income, Balance sheet, Cash flow statement, Statement of changes in members' interests and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 30 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLPs.

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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 related 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 LLP'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.

Other information

The members are responsible for the other information contained within the annual report. The other information comprises the information included in the annual 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.

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 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.

Independent auditor's report to the members of Farrer & Co LLP (continued)

Year ended 30 April 2023

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to LLPs requires us to report to you if, in our opinion:

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

Responsibilities of members

As explained more fully in the members' responsibilities statement set out on page 2, 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 LLP'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 LLP 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.

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 obtained an understanding of the legal and regulatory frameworks within which the LLP operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, as applied to LLPs, taxation legislation and those regulations related to the firm's activities as a firm of solicitors.
- We identified the greatest risk of material impact on the financial statements from irregularities including fraud, to be the override of controls by management, revenue recognition and associated provision for client debts. Our audit procedures to respond to these risks included enquires of management about their own identification and assessment of the risk of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and specific testing on client engagements in relation to revenue recognition and the recoverability of client debts.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

Independent auditor's report to the members of Farrer & Co LLP (continued)

Year ended 30 April 2023

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Steve Gale FCA
Senior Statutory Auditor
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 19 September 2023

Statement of comprehensive income

Year ended 30 April 2023

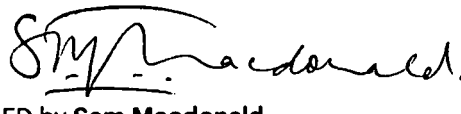
	Notes	2023 £'000	2022 £'000
Turnover		91,372	87,355
Other income		36	55
		<u>91,408</u>	<u>87,410</u>
Staff costs	2	(33,514)	(31,845)
Depreciation and amortisation	6, 7	(2,349)	(2,131)
Other operating expenses		(21,609)	(21,418)
Operating profit	3	<u>33,936</u>	<u>32,016</u>
Interest receivable and similar income	4	1,430	114
Interest payable and similar charges	4	(98)	(70)
Profit for the financial year before members' remuneration and profit shares		<u>35,268</u>	<u>32,060</u>
Members' remuneration charged as an expense		(9,418)	(9,220)
Profit for the financial year available for discretionary division among members		<u>25,850</u>	<u>22,840</u>
Other comprehensive income			
Remeasurement of net defined benefit asset	16	(627)	558
Total comprehensive income available for discretionary division among members		<u><u>25,223</u></u>	<u><u>23,398</u></u>

Balance sheet
At 30 April 2023

	Notes	2023 £'000	2022 Restated £'000
Non-current assets			
Intangible assets	6	644	978
Property, plant and equipment	7	9,377	8,265
Investments	8	100	100
Retirement benefit surplus	16	1,186	1,804
		<u>11,307</u>	<u>11,147</u>
Current assets			
Client and other receivables	9	37,197	34,940
Amounts due from members		6,086	4,972
Cash at bank and in hand		7,115	6,043
		<u>50,398</u>	<u>45,955</u>
Current liabilities	10	(13,206)	(12,634)
Net current assets		<u>37,192</u>	<u>33,321</u>
Total assets less current liabilities		<u>48,499</u>	<u>44,468</u>
Non-current liabilities	11	(1,143)	(1,714)
Provisions	12	(1,225)	(640)
Net assets distributable to members		<u>46,131</u>	<u>42,114</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		12,377	10,759
Other debts due to members		4,780	4,956
Equity			
Members' other interests		28,974	26,399
		<u>46,131</u>	<u>42,114</u>
Total members' interests			
Amounts due from members		(6,086)	(4,972)
Loans and other debts due to members		17,157	15,715
Members' other interests		28,974	26,399
		<u>40,045</u>	<u>37,142</u>

These financial statements of Farrer & Co LLP (registered number OC323570) on pages 6 to 21 were approved by the members and signed on their behalf on 19 September 2023.


SIGNED by Rachel Lewis
Designated member


SIGNED by Sam Macdonald
Designated member

Cash flow statement

Year ended 30 April 2023

	Notes	2023 £'000	2022 £'000
Net cash flows from operating activities	14	35,230	27,892
Cash flows used in investing activities			
Purchase of intangible assets	6	(195)	(153)
Purchase of property, plant and equipment	7	(2,932)	(3,437)
Interest received	4	1,376	90
Net cash flows used in investing activities		(1,751)	(3,500)
Cash flows used in financing activities			
Bank borrowings repaid	15	(571)	(572)
Interest paid	4	(98)	(70)
Drawings and distribution payments to members		(33,356)	(28,346)
Capital contributions by members		1,906	1,280
Capital repaid to members		(288)	(142)
Net cash flows used in financing activities		(32,407)	(27,850)
Net movement in cash and cash equivalents		1,072	(3,458)
Cash and cash equivalents at the beginning of year		6,143	9,601
Cash and equivalents at end of year	15	7,215	6,143

Statement of changes in members' interests
Year ended 30 April 2023

	Loans and other debts due to Members			Equity	
	Members' capital £'000	Other debts due to members £'000	Total £'000	Members' other interests £'000	Members' interests total £'000
Members' interests at 1 May 2021 (as previously stated)	9,621	(4,482)	5,139	21,563	26,702
Amounts restated	-	5,030	5,030	-	5,030
Members' interests at 1 May 2021 (as restated)	9,621	548	10,169	21,563	31,732
Members' remuneration charged as an expense	-	9,220	9,220	-	9,220
Profit for the financial year available for discretionary division amongst members	-	-	-	22,840	22,840
Members' interests after profit for the year	9,621	9,768	19,389	44,403	63,792
Other comprehensive income	-	-	-	558	558
Introduced by members	1,280	-	1,280	-	1,280
Repayments of capital	(142)	-	(142)	-	(142)
Division of profit	-	18,562	18,562	(18,562)	-
Drawings and distributions	-	(28,346)	(28,346)	-	(28,346)
Members' interests at 30 April 2022	10,759	(16)	10,743	26,399	37,142
Members' remuneration charged as an expense	-	9,418	9,418	-	9,418
Profit for the financial year available for discretionary division amongst members	-	-	-	25,850	25,850
Members' interests after profit for the year	10,759	9,402	20,161	52,249	72,410
Other comprehensive income (loss)	-	-	-	(627)	(627)
Introduced by members	1,906	-	1,906	-	1,906
Repayments of capital	(288)	-	(288)	-	(288)
Division of profit	-	22,648	22,648	(22,648)	-
Distributions to members	-	(33,356)	(33,356)	-	(33,356)
Members' interests at 30 April 2023	12,377	(1,306)	11,071	28,974	40,045

Other debts due to members include as follows:	30 April 2023 £'000	30 April 2022 £'000	30 April 2021 £'000
Amounts due to members	4,780	4,956	5,030
Amounts due from members	(6,086)	(4,972)	(4,482)
	(1,306)	(16)	548

Notes to the financial statements

Year ended 30 April 2023

1. Accounting policies

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

General information

Farrer & Co LLP (the "LLP") is incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000. The registered office address is given on page 1 of this report. The nature of the LLP's operations and its principal activities are also set out in the members' report on page 1.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (published December 2018) and the Companies Act (2006) as applied to LLPs.

The financial statements present information about the LLP as an individual entity and not about the group because its subsidiary undertakings, when taken in aggregate, would not materially alter its results.

Prior year restatement

The financial statements reflect a restatement of certain comparative amounts as it has been identified that year end sums due to a particular class of members were incorrectly presented as accruals within current liabilities rather than as loans and other debts due to members.

The impact of the change is that prior year accruals and deferred income within current liabilities at 30 April 2022 has decreased by £4,956,000 (2021: £5,030,000) and other debts due to members increased by the same amount. Accordingly, the net assets attributable to members and total members' interests have also increased by £4,956,000 (2021: £5,030,000). There have been some minor additional presentation changes required as a consequence. There has been no impact on the reported profit for the prior year ended 30 April 2022 arising from this restatement.

Going concern

The LLP had £5.3m net funds before members' debt at 30 April 2023 (2022: £3.7m net funds) and further details of its financial position, cash flows, liquidity and borrowing arrangements are described elsewhere in these accounts. The Management Board regularly reviews the LLP's profit forecast and cash flow projections and all such planning has indicated that the LLP will continue to have adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

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

Legal services provided during the year which, at the balance sheet date, have not been invoiced to clients, are recognised as turnover in accordance with FRS 102 Section 23 Revenue. Turnover recognised in this manner is based on an assessment of the fair value of the services provided as a proportion of the total expected value of the matter. Provision is made against unbilled amounts on those matters where the right to receive payments is contingent on factors outside the control of the firm, unless it is deemed highly probable that such payments will be received.

A segmental analysis of turnover received by geographic region of clients is not provided on the basis that the members believe it would be seriously prejudicial to the interests of the limited liability partnership.

Notes to the financial statements

Year ended 30 April 2023

1. Accounting policies (continued)

Taxation

The taxation payable on profits of Farrer & Co LLP is the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members. An amount is retained from each member's profit share within the LLP to cover their estimated liability for income tax and social security contributions. Accordingly, there is no taxation reflected in the statement of comprehensive income.

Leases

Operating lease rentals are charged to the statement of comprehensive income in equal amounts over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term or the period to which they relate.

Intangible assets

Intangible assets represent costs incurred for the purchase, development and installation of computer software packages used by the LLP. Intangible assets are stated at cost, net of amortisation and any provision for impairment and are amortised on a straight line basis over their expected useful economic life of up to five years.

Property, plant and equipment

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

Leasehold improvements	Over the shorter of 10 years and the remaining period of the lease
Furniture and equipment	Three to five years

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Staff pension schemes

Farrer & Co LLP operates a defined contribution pension scheme and also holds a defined benefit pension scheme which was closed to new entrants on 30 June 2000 and closed to future accrual on 31 July 2009.

Monthly payments made to the defined contribution pension scheme are charged to the statement of comprehensive income as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The amounts charged to the statement of comprehensive income for the closed defined benefit scheme are the scheme administration costs and the cost of any benefit changes, settlements and curtailments if they arise. Net interest arising on the net defined benefit surplus or liability is charged to the statement of comprehensive income and included within interest receivable or interest payable as appropriate. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest above) are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the LLP, in separate trustee administered funds. Scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Notes to the financial statements

Year ended 30 April 2023

1. Accounting policies (continued)

Financial assets

Financial assets include cash and cash equivalents, amounts due from members and client and other receivables. All financial assets are initially measured at fair value but client and other debtors are subsequently reduced for estimated irrecoverable amounts where there is objective evidence that not all of the original value will be recoverable. Reasons why a debt may be subsequently reduced include significant financial difficulties of the debtor or default or delinquency in past payments.

Financial liabilities

Financial liabilities include trade payables and bank or other borrowings. Short term trade payables are measured at fair value.

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

Provisions

The provision for claims represents the estimated cost of defending and concluding legal claims against the LLP where such liabilities are considered to be probable. When some or all of the costs of those recognised claims are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received.

The LLP provides for reinstatement costs in respect of those property leases that contain obligations to restore office premises to their original state upon completion of the lease.

Members' capital, interests and drawings

All members of the LLP are required to subscribe capital to the LLP. The basis on which capital is subscribed is set out within the terms of the Members' Agreement. The capital amount per unit is assessed annually, with any changes usually being effective on 1 May. Capital is repaid to members upon resignation or retirement from the LLP.

The firm's Remuneration Committee recommends the discretionary 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 is included within members' other interests. Drawings paid to members on account of profits for the year are included within amounts due from members. In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors; members' other interests rank after unsecured creditors. Drawings and distributions paid to members are considered a financing activity for cashflow purposes.

Significant accounting estimates and judgements

Preparation of the financial statements requires the Management Board to make significant estimates and judgements that affect the reported amount of turnover, expenses, assets and liabilities. 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 principal estimates and judgements that could have a significant effect upon the LLP's financial results relate to the fair value of unbilled revenue on client matters, valuation of client receivables and provisions in respect of both client claims and property dilapidations. In addition, the net surplus disclosed for the defined benefit pension scheme is sensitive to movements in the related actuarial assumptions, in particular the discount rate, inflation and mortality. The recognised surplus would only be realised by the LLP at or close to the date when the scheme is wound up after having settled all future benefits due to its members.

Notes to the financial statements

Year ended 30 April 2023

2. Staff and staff costs

The average number employees during the year was:

	2023 Number	2022 Number
Fee-earners	217	207
Support services	203	199
	<u>420</u>	<u>406</u>

Staff costs during the year in respect of employees were:

	2023 £'000	2022 £'000
Salaries	28,697	27,368
Social security costs	3,495	3,262
Other pension costs	1,322	1,215
Total staff costs	<u>33,514</u>	<u>31,845</u>

3. Operating profit

Operating profit is stated after charging:

	2023 £'000	2022 £'000
Amortisation of intangible assets	529	502
Depreciation of property, plant and equipment	1,820	1,630
Operating lease rentals		
Land and buildings	2,140	2,626
Plant and machinery	142	170
Auditor's remuneration		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	46	36
Other assurance services	26	26
Other services	26	30

Notes to the financial statements

Year ended 30 April 2023

4. Interest receivable and payable

Interest receivable and similar income

	2023 £'000	2022 £'000
Bank interest receivable	1,376	90
Net interest on defined benefit pension scheme (Note 16)	54	24
	<u>1,430</u>	<u>114</u>

Interest payable and similar charges

	2023 £'000	2022 £'000
Interest payable on bank loans and overdrafts	(98)	(70)

5. Members' remuneration

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

	2023	2022
Average number of members	98	86

The highest remuneration of a member for the year was £852,000 (2022: £877,000).

The Management Board represents key management for the purposes of these financial statements. The estimated profit attributable to the members of the Management Board for the year was £2,002,000 (2022: £2,213,000).

Notes to the financial statements

Year ended 30 April 2023

6. Intangible assets

	Software £'000
Cost	
At 1 May 2022	3,058
Additions	195
Disposals	-
At 30 April 2023	3,253
Amortisation	
At 1 May 2022	2,080
Charge for the year	529
Disposals	-
At 30 April 2023	2,609
Net book value	
At 30 April 2023	644
At 30 April 2022	978

7. Property plant and equipment

	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 May 2022	17,392	7,103	24,495
Additions	1,314	1,618	2,932
Disposals	(7,892)	(2,314)	(10,206)
At 30 April 2023	10,814	6,407	17,221
Depreciation			
At 1 May 2022	11,680	4,550	16,230
Charge for the year	876	944	1,820
Disposals	(7,892)	(2,314)	(10,206)
At 30 April 2023	4,664	3,180	7,844
Net book value			
At 30 April 2023	6,150	3,227	9,377
At 30 April 2022	5,712	2,553	8,265

Notes to the financial statements

Year ended 30 April 2023

8. Investments

	2023 £'000	2022 £'000
Investment in subsidiary undertaking	100	100

Farrer & Co LLP has an investment in the following entity:

Entity	Country of incorporation	Activity	Proportion of voting rights and ordinary shares held
Farrer & Co Trust Corporation Limited	Great Britain	Trustee company	100%

The registered address is 66 Lincoln's Inn Fields, London, WC2A 3LH.

9. Client and other receivables

	2023 £'000	2022 £'000
Client receivables	32,636	31,340
Unbilled revenue	1,252	1,161
Prepayments	2,449	2,382
Other receivables	860	57
	37,197	34,940

Client receivables are stated net of an impairment provision for doubtful debt recovery of £2,182,000 (2022: £1,471,000). All receivable amounts fall due within one year.

Notes to the financial statements

Year ended 30 April 2023

10. Current liabilities

	2023 £'000	2022 Restated £'000
Bank loans and overdrafts	771	771
Trade payables	4,069	3,332
Social security and other taxes	2,854	2,933
Accruals and deferred income	5,512	5,598
	<u>13,206</u>	<u>12,634</u>

In April 2020 the LLP agreed a three year committed bank loan facility of £9.0m. At the balance sheet date £0.1m had been drawn against that facility (2022: £0.1m). A separate bank loan of £0.1m falls due within one year but is expected to be renewed on an annual basis. Interest on all bank loans is payable at a fixed margin above the bank base rate.

In November 2019 the LLP entered into a separate five year term loan arrangement with its bank for £3.0m. At the balance sheet date £1.7m was repayable (2022: £2.3m) of which £0.6m is due within one year and the remainder will be repaid in subsequent years.

11. Non-current liabilities

	2023 £'000	2022 £'000
Bank loans and overdrafts	<u>1,143</u>	<u>1,714</u>

12. Provisions

	Claims £'000	Property dilapidations £'000	Total £'000
At 1 May 2022	340	300	640
Provision utilised	(206)	-	(206)
Charged to the profit and loss account	931	-	931
Provision released	(140)	-	(140)
At 30 April 2023	<u>925</u>	<u>300</u>	<u>1,225</u>

In the normal course of business the firm may receive legal claims arising from its advice to clients and the claims provision is in respect of outstanding legal cases against the firm. The provisions above recognise the probable cost of defending and concluding those matters, gross of any related recoverable amounts from professional indemnity insurance held by the firm.

The provision for property dilapidations is for expected costs in relation to a premises lease which has now expired.

Notes to the financial statements

Year ended 30 April 2023

13. Financial commitments

At the year end, the firm had nil value of contracted capital commitments for renovation and refurbishment works at its leased properties (2022: £284,000).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings 2023 £'000	Other 2023 £'000	Land and buildings 2022 £'000	Other 2022 £'000
Operating lease payments which fall due:				
Within one year	2,080	96	2,080	96
Within two to five years	8,232	151	8,290	247
In more than five years	3,514	-	5,536	-
	<u>13,826</u>	<u>247</u>	<u>15,906</u>	<u>343</u>

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

	2023 £'000	2022 £'000
Operating profit	33,936	32,016
Amortisation of intangible assets	529	502
Depreciation of property, plant and equipment	1,820	1,629
Increase in client receivables	(2,166)	(951)
Increase in unbilled revenue	(91)	(74)
Increase (decrease) in trade and other payables	572	(4,569)
Increase (decrease) in provisions	585	(675)
Defined benefit pension scheme movement	45	14
Net cash flows from operating activities	<u>35,230</u>	<u>27,892</u>

15. Analysis of changes in net funds

	At 1 May 2022 £'000	Cash flow £'000	Non-cash changes £'000	At 30 April 2023 £'000
Cash at bank and in hand	6,143	1,072	-	7,215
Bank loans due within one year	(771)	-	-	(771)
Bank loans due after more than one year	(1,714)	571	-	(1,143)
Net funds before members' debt	<u>3,658</u>	<u>1,643</u>	<u>-</u>	<u>5,301</u>
Loans and other debts due to members				
Members capital	(10,759)	(1,618)	-	(12,377)
Other debts due to members	(4,956)	33,356	(33,180)	(4,780)
Net debt after members' debt	<u>(12,057)</u>	<u>33,381</u>	<u>(33,180)</u>	<u>(11,856)</u>

Notes to the financial statements

Year ended 30 April 2023

16. Staff pension schemes

Defined contribution scheme

The cost of contributions paid into the defined contribution scheme and included in the statement of comprehensive income for the year was £1,322,000 (2022: £1,215,000). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit scheme

Farrer & Co LLP (the LLP) operates the Farrer & Co Pension Scheme (the Scheme), a UK registered trust-based pension scheme that provides defined benefits. Pension benefits are linked to the Scheme members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee of the Scheme are required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme members; (i) Deferred members who are former active members of the Scheme and not yet in receipt of a pension and (ii) Pensioner members in receipt of a pension.

The Trustee is required to carry out an actuarial valuation every three years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 31 December 2021. This valuation revealed a funding surplus of £597,000. The LLP agreed to pay £60,000 per annum to cover administration and professional expenses associated with the Scheme. The LLP therefore expects to pay £60,000 to the Scheme during the year from 1 May 2023.

The results of the most recent formal actuarial valuation as at 31 December 2021 have been updated to 30 April 2023 by a qualified independent actuary. The assumptions used were:

	2023	2022
Discount rate	4.8%	3.0%
Inflation assumption (RPI)	3.4%	3.4%
Inflation assumption (CPI)	2.9%	2.7%
LPI 5% pension increases	3.2%	3.3%
LPI 2.5% pension increases	2.2%	2.3%
Revaluation in deferred pensions	2.9%	2.7%
Post retirement mortality assumption	90%/100% (m/f) S3PA CMI_2021 (1.5%)	90%/100% (m/f) S3PA CMI_2020 (1.5%)

Under the adopted mortality tables, the future life expectancy at age 65 is as follows:

	30 April 2023	30 April 2022
Male currently aged 45	24.6	24.6
Female currently aged 45	26.3	26.3
Male currently aged 65	23.0	22.9
Female currently aged 65	24.6	24.5

Notes to the financial statements

Year ended 30 April 2023

16. Staff pension schemes (continued)

Amounts recognised in the balance sheet at 30 April 2023:

	2023 £'000	2022 £'000
Fair value of assets	7,831	10,170
Present value of funded obligations	(6,645)	(8,366)
Balance sheet asset	1,186	1,804

Amounts recognised in the statement of comprehensive income:

	2023 £'000	2022 £'000
Administration costs	105	74
Net interest receivable	(54)	(24)
	51	50

Remeasurements over the year recognised in other comprehensive income:

	2023 £'000	2022 £'000
Loss on scheme assets in excess of interest	(2,348)	(532)
Experience loss on liabilities	(274)	
Gain from changes to assumptions	1,995	1,090
	(627)	558

Reconciliation of assets and defined benefit obligation

The change in the assets over the year was:

	2023 £'000	2022 £'000
Fair value of plan assets at the beginning of the year	10,170	10,737
Interest on assets	301	212
Employer contributions	60	60
Benefits paid	(247)	(233)
Administration costs	(105)	(74)
Loss on scheme assets in excess of interest	(2,348)	(532)
Fair value of plan assets at the end of the year	7,831	10,170

Notes to the financial statements

Year ended 30 April 2023

16. Staff pension schemes (continued)

The change in defined benefit obligation over the year was:

	2023 £'000	2022 £'000
Defined benefit obligation at the beginning of the year	8,366	9,501
Interest cost	247	188
Benefits paid	(247)	(233)
Experience loss on liabilities	274	-
Gain from changes to assumptions	(1,995)	(1,090)
Benefit obligation at the end of the year	6,645	8,366

The major categories of plan assets as a percentage of total assets are as follows:

	2023	2022
Equities and other growth assets	54%	67%
Bonds, LDI funds and cash	46%	33%
Total	100%	100%

The actual return on the scheme's assets over the year was a loss of £2,047,000 (2022: £320,000 loss).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation and life expectancy. The sensitivity analysis below has been based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate was 0.5% higher the defined benefit obligation would reduce by £431,000.

If inflation was 0.5% higher the defined benefit obligation would increase by £334,000.

If life expectancy increased by one year for both men and women, the defined benefit obligation would increase by £237,000.

Streamlined energy and carbon report

Year ended 30 April 2023

Energy and emissions report

The direct energy used during the year, measured in kilowatt hours, and indirect emissions arising, measured by tonnes of carbon dioxide equivalent, were:

	2023 Energy (KwH)	2023 Total emissions (tCO ₂ e)	2022 Energy (KwH)	2022 Total emissions (tCO ₂ e)
Building energy consumption				
Electricity (location based)	839,994	163	1,106,102	235
Transmission and distribution losses		15		21
Natural gas	7,718	2	106,289	20
Business travel		122		34
Procurement of paper and courier/freight usage		4		22
Waste recycled and energy from waste		1		1
		307		333

The intensity ratio used by the LLP to measure annual change in emissions is tonnes of carbon dioxide equivalent per employee or partner. There were 518 employees and partners in 2023 (2022: 492) and the intensity ratio was 0.59 tCO₂e per employee or partner (2022: 0.68 tCO₂e).

Energy efficiency actions

The LLP operates a facilities plan across its office buildings which details all systems to be tested and commissioned and which is monitored to ensure continued improvement of facilities and energy efficiency.

New energy-efficient dishwashers, water dispensers and LED lighting were installed during the period resulting in better energy efficiency. A reduction in total occupied space following the expiry of one office lease has also contributed to a reduction in total energy consumption.

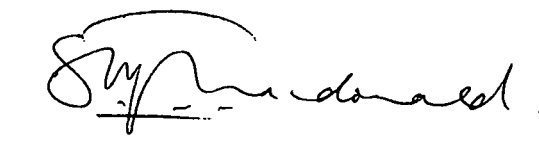
Methodology for energy and emissions calculation

This report has been prepared in accordance with Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

A list of members' names is available for inspection at 66 Lincoln's Inn Fields, London WC2A 3LH, United Kingdom, which is also Farrer & Co LLP's principal place of business and registered office.



SIGNED by Rachel Lewis
Designated member



SIGNED by Sam Macdonald
Designated member

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