

# LHS Solicitors LLP

## Annual Report and Financial Statements for the year ended 31 December 2015

Registered Number OC325244

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LHS Solicitors LLP  
Annual Report and Financial Statements  
for the year ended 31 December 2015

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## Members' report

### **Company registration number OC325244.**

The Members present their report on the affairs of LHS Solicitors LLP, together with the financial statements and auditor's report, for the year ended 31 December 2015.

## Group structure

LHS Solicitors LLP, (the 'LLP') is incorporated in the UK as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000. The LLP's registered office is 5th floor, The Observatory, Chapel Walks, Manchester, M2 1HL.

## Business structure

On 2 March 2015 Lewis Hymanson Small Solicitors LLP was renamed LHS Solicitors LLP and concurrently the Abbey Legal Services and Abbey HR divisions of Abbey Protection Group Limited were transferred to LHS Solicitors LLP. Further details, can be found in note 10.

## Business review

The principal activities of the LLP is the provision of legal services with particular specialisms in Regulatory, Fraud, Litigation, Commercial and Employment matters. The LLP is also a market leader in the provision of bespoke legal advice lines. The outlook for 2016 is positive with the business on a firm footing to take advantage of opportunities in the market.

## Responsibilities of the Members

The Members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Legislation applicable to limited liability partnerships require the Members to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the LLP and of the profit and loss of the LLP for that period. In preparing those financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 as modified by the Limited Liability Partnerships Regulations 2008. The Members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Going concern

The LLP has considerable financial resources together with contracts with a number of customers and suppliers. As a consequence, the Members believe that the LLP is well placed to manage its business risks successfully and are not aware of any material uncertainties which cast doubt about the ability of the LLP to continue as a going concern.

The Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

## Designated Members

The following were designated Members during the whole of the period from 1 January 2015 to the date of this report unless otherwise stated:

Mr Ian N Lewis

Mr Graham P Small

Mr Daniel Berke

Abbey Protection Group Limited

## Policy with respect to Members' drawings and subscription and repayment of Members' capital

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial period, taking into account the anticipated cash needs of the LLP. The Member's capital is repayable on demand.

## Disclosure of information to the Auditor

The Members who held office at the date of approval of these financial statements confirm, that so far as they are each aware, there is no relevant audit information of the LLP's Auditor is unaware; and each Member has taken all the step that they ought to have taken as a Member to make themselves aware of any relevant audit information and to establish, that the LLP's Auditor is aware of that information.

## Auditor

In accordance with section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will, therefore remain in office.

Approved by the Members and signed on their behalf by,



**Ian N Lewis**  
Designated Member  
London

29 April 2016

## Independent Auditor's report to the Members of LHS Solicitors LLP

We have audited the financial statements of LHS Solicitors LLP for the year ended 31 December 2015 as set out on pages 5 to 13.

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

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

### Respective responsibilities of Members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 1, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

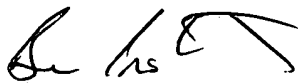
In our opinion the financial statements:

- give a true and fair view, of the state of the affairs of the LLP as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 as applicable to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**Ben Priestley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

29 April 2016

## Statement of Comprehensive Income for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Turnover</b>			
Professional services		9,987	6,279
Operating expenses and charges		(9,187)	(3,451)
<b>Operating profit</b>	3	<b>800</b>	<b>2,828</b>
Interest receivable		7	11
<b>Profit for the financial year before Members remuneration and profit shares</b>		<b>807</b>	<b>2,839</b>
Members remuneration charged as an expense		(446)	(489)
<b>Total Comprehensive Income available for discretionary division among Members</b>		<b>361</b>	<b>2,350</b>

The LLP's income and expenditure all relate to continuing operations.

The notes on pages 8 to 13 form part of these Financial Statements.

## Statement of Changes in Equity

	<b>Members' other interests (classified as equity)</b>	<b>Total</b>
<b>2015</b>	<b>£'000</b>	<b>£'000</b>
At beginning of year	2,863	2,863
Profit for the financial year available for discretionary division among the Members'	361	361
Division of profits	(2,500)	(2,500)
<b>At end of year</b>	<b>724</b>	<b>724</b>

	<b>Members' other interests (classified as equity)</b>	<b>Total</b>
<b>2014</b>	<b>£'000</b>	<b>£'000</b>
At beginning of year	513	513
Profit for the financial year available for discretionary division among the Members'	2,350	2,350
<b>At end of year</b>	<b>2,863</b>	<b>2,863</b>

The notes on pages 8 to 13 form part of these Financial Statements.



## Statement of Financial Position

### as at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed Assets</b>			
Tangible assets	5	-	16
<b>Current Assets</b>			
Work in progress		913	534
Trade receivables	6	4,579	4,355
Cash at bank and in hand		425	181
Client account balances	7	358	279
Less: balances due to clients		(358)	(279)
		5,917	5,070
Trade payables: amounts falling due within one year	8	(4,655)	(1,531)
Net current assets		1,262	3,539
<b>Total net assets attributable to Members</b>		<b>1,262</b>	<b>3,555</b>
<b>Represented by:</b>			
Members' capital classified as a liability	9	90	90
Members' other interests classified as a liability	9	448	602
Members' other interests classified as equity		724	2,863
<b>Total Members' interests</b>		<b>1,262</b>	<b>3,555</b>

These financial statements were approved by the Members and authorised for issue on 29 April 2016. They were signed on the Members' behalf by,



**Ian N Lewis**  
Designated Member  
London

29 April 2016

The notes on pages 8 to 13 form part of these Financial Statements.

# Notes to the Financial Statements

## 1 Accounting policies

LHS Solicitors LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000.

The Financial Statements have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard ("FRS") 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Companies Act 2006 as applied by LLPs and the Standard of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in July 2014.

In these Financial Statements, the LLP is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Key Management and Personnel compensation;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules.

These Financial Statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain assets as required by the Regulations. A summary of the more important accounting policies that have been applied consistently is set out below.

### *Basis of preparation*

The financial statements have been prepared on the historical cost convention. They are presented in pounds sterling, rounded to the nearest thousand.

The LLP transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2015. An explanation of how the transition to FRS 102 has affected the reported financial position and performance is given in note 13.

### **(a) Use of judgements and estimates**

In preparing these financial statements, the Members of the LLP have made judgements, estimates and assumptions that affect the application of the LLP's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### **(b) Turnover**

The turnover shown in the Statement of Comprehensive Income represents amounts receivable for professional services net of value added tax. Turnover is recognised as earned.

### **(c) Work in progress**

Unbilled fees, where the ability to recover fees on a matter is non-contingent, are recognised on the basis of time spent and are valued at the amount expected to be billed in respect of that time. They are included as part of Current Assets.

### **(d) Going concern**

The financial statements are prepared on the going concern basis as explained within the Members' Report on page 2.

**(e) 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, evenly over its expected useful life as follows:

Office equipment - over 5 years  
Computer equipment and software - over 4 years

**(f) Leased assets**

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

**(g) Taxation**

Taxation payable on profits of the LLP is the personal liability of the Members, and accordingly, no provision is made in the financial statements.

**(h) Members' remuneration**

Non-discretionary amounts paid to Members are recognised as an expense in the Statement of Comprehensive Income as incurred, under the heading 'Members remuneration charged as an expense.'

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of equity when the division occurs.

**(i) Financial assets and liabilities**

In applying FRS 102, the LLP has chosen to apply the recognition and measurement provisions of International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

*Classification*

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of comprehensive income. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

*Recognition*

Financial instruments are recognised when the LLP becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the LLP's contractual rights to the cash flows from the financial assets expire or if the LLP transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the LLP commits itself to purchase or sell the asset.

*Measurement*

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the LLP in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

## 2 Segmental reporting

The income and operating profit for the year are derived from the LLP's principal activities carried out wholly in the UK and are considered to represent one operating segment and one geographical market.

## 3 Profit on ordinary activities before taxation

	<b>2015 £'000</b>	<b>2014 £'000</b>
The profit on ordinary activities before taxation is stated after charging:		
Licence fee for use of intellectual property	55	55
Depreciation	15	10
Loss on disposal of tangible fixed assets	-	8
Auditor's remuneration for:		
- fees for statutory audit services	18	17
Operating leases		
- land and buildings	55	35

## 4 Staff costs

	<b>2015 £'000</b>	<b>2014 £'000</b>
Wages and salaries	4,798	1,367
Social security costs	508	112
Other pension costs	348	34
	<b>5,654</b>	<b>1,513</b>

The average number of staff employed within the LLP during the year was 136 (2014: 47).

## 5 Tangible fixed assets

	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	2	21	23
Additions in the period	1	3	4
Transfers to group subsidiary	-	(11)	(11)
Disposals	(3)	(13)	(16)
<b>At 31 December 2015</b>	-	-	-
<b>Depreciation</b>			
At 1 January 2015	-	7	7
Charge for the year	3	12	15
Transfers to group subsidiary	-	(6)	(6)
Disposals	(3)	(13)	(16)
<b>At 31 December 2015</b>	-	-	-
<b>Net book value</b>			
<b>At 31 December 2015</b>	-	-	-
<b>At 31 December 2014</b>	<b>2</b>	<b>14</b>	<b>16</b>

## 6 Debtors and prepayments

	2015 £'000	2014 £'000
<b>Due within one year</b>		
Trade debtors	1,142	978
Amounts owed by group undertakings	3,375	3,234
Other debtors	1	-
Prepayments and accrued income	61	143
<b>Total</b>	<b>4,579</b>	<b>4,355</b>

## 7 Client account balances

The client account balances totaling £358,000 (2014: £279,000) are held in trust on behalf of clients and are not therefore available for use by the LLP.

## 8 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	37	44
Amounts owed to group undertakings	73	-
Other taxes and social security	209	324
Accruals and deferred income	4,336	981
Other creditors	-	182
	<b>4,655</b>	<b>1,531</b>

## 9 Members' interest classified as liability

### a) Members' capital

	£'000
<b>Balance at 1 January 2014</b>	<b>40</b>
Capital subscribed	50
<b>Balance at 31 December 2014</b>	<b>90</b>
Capital subscribed	-
<b>Members' interests at 31 December 2015</b>	<b>90</b>

### b) Members' other interests

	2015 £'000	2014 £'000
<b>Amounts due to Members</b>	<b>448</b>	<b>602</b>

Amounts due to Members that are classified as liabilities, represent tax withheld from allocated profits, profit shares which fail to be recognised as a liability and deferred purchase considerations, less amounts paid to Members during the year as drawings or profit shares. All amounts are expected to be settled within 12 months of the reporting date.

## 10 Asset transfer from controlling member

On 2 March 2015 the Abbey Legal Services and Abbey HR divisions of Abbey Protection Group Limited, the LLP's controlling Member, were transferred to the LLP. The net liabilities were transferred at book value in return for a corresponding intercompany receivable for the same amount and comprised the following:

	Book value £'000
Tangible fixed assets	82
Work in progress	91
Trade receivables	437
Amounts owed from subsidiary undertakings	1,854
Prepayments	4
Other creditors	(32)
Accruals and deferred income	(2,474)
	<b>(38)</b>

## **11 Related party transactions**

The LLP has taken advantage of the exemption in FRS 102 in respect of transactions with entities that part of the Markel Corporation.

## **12 Controlling party**

Abbey Protection Group Limited is the LLP's controlling party. The LLP's results are consolidated into the accounts of Markel Corporation, its ultimate parent company, which is incorporated in the USA. The financial statements of Markel Corporation may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is [www.markelcorp.com](http://www.markelcorp.com).

## **13 Transition to FRS 102**

The LLP transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. There was no impact on the reported financial position and financial performance following the implementation of these new accounting standards and any changes are only presentational.