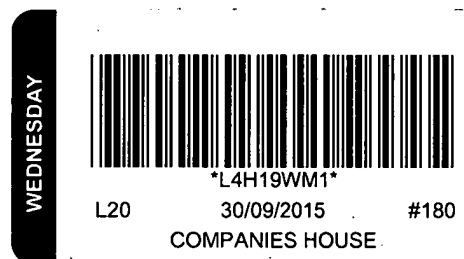


# LHS Solicitors LLP

## Annual Report and Financial Statements for the year ended 31 December 2014

Registered Number OC325244



LHS Solicitors LLP  
Annual Report and Financial Statements  
for the year ended 31 December 2014

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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 2014.

## Group structure

LHS Solicitors LLP, (the 'LLP') is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

## Business structure

On 17 January 2014, Abbey Protection plc, the LLP's ultimate controlling party at that date, was acquired by Markel Capital Holdings Ltd. From 17 January 2014 the LLP's ultimate controlling party was Markel Corporation which is listed on the New York Stock Exchange. The business will continue to trade as LHS Solicitors LLP.

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.

## 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. During the year, work continued on a large project which will carry on into 2015. Additional staff have been recruited to support this project. The outlook for 2015 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 judgemental 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.

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

## Going concern

The LLP has considerable financial resources together with contracts with a number of customers and suppliers. As a consequence, the Directors believe that the LLP is well placed to manage its business risks successfully despite any prevailing uncertainties in the general economic outlook.

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 period:

Mr Ian N Lewis

Mr Graham P Small

Mr Daniel Berke

Abbey Protection Group Limited

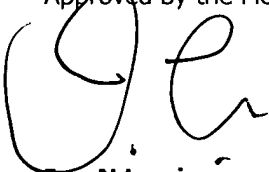
## Policy with respect to Members' drawings and subscription and repayment of Members' capital

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.

## Auditors

During the year, Deloitte LLP resigned as the Auditor and KPMG LLP was appointed, pursuant to Section 487 of the Companies Act 2006.

Approved by the Members and signed on their behalf.



**Ian N Lewis**  
Designated Member  
London

28 September 2015

## 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 2014 as set out on pages 5 - 12.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Limited Liability Partnership's members (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

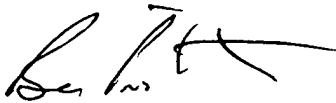
In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2014 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 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,**  
Chartered Accountants  
London

28 September 2015

## Profit and Loss Account

	Notes	2014 £'000	2013 Restated * £'000
<b>Turnover</b>			
Professional services		6,279	3,635
Operating expenses and charges		(3,451)	(2,793)
<b>Operating profit</b>	3	<b>2,828</b>	<b>842</b>
Interest receivable		11	11
Realised gain on transfer of business		-	2,058
Interest payable		-	(21)
<b>Profit for the financial year before members remuneration and profit shares</b>		<b>2,839</b>	<b>2,890</b>
Members remuneration charged as an expense		(489)	(319)
<b>Profit for the period available for discretionary division among Members</b>	9	<b>2,350</b>	<b>2,571</b>

The profit for the year has been calculated on the historical cost basis.

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

The notes on pages 8 - 12 form part of the financial statements.

\* Restatement to include members remuneration charged as an expense.

## Statement of Total Recognised Gains and Losses

	Notes	2014	2013
		£'000	Restated* £'000
Profit for the year available for discretionary division amongst Members		2,350	2,571
<b>Total recognised gains relating to the year</b>		2,350	2,571
Prior year adjustments (as explained in note 1)		(319)	
<b>Total gains recognised since the last financial statements</b>		<b>2,031</b>	

The notes on pages 8 to 12 form part of these Financial Statements.

\* Restatement to include members remuneration charged as an expense.



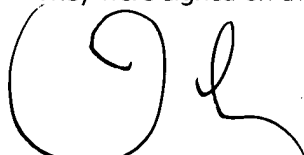
# Balance Sheet

## as at 31 December 2014

	Notes	2014 £'000	2013 Restated * £'000
<b>Fixed Assets</b>			
Tangible assets		16	19
<b>Current Assets</b>			
Work in progress		534	618
Debtors and prepayments	6	4,355	819
Cash at bank and in hand		181	845
Client account balances	7	279	671
Less: balances due to clients		(279)	(671)
		5,070	2,282
Creditors: amounts falling due within one year	8	(1,531)	(720)
Net current assets		3,539	1,562
<b>Total net assets attributable to members</b>		<b>3,555</b>	<b>1,581</b>
<b>Represented by:</b>			
Members' capital classified as a liability	9	90	40
Members' other interests classified as a liability	9	602	1,028
Loans and other debts due to members	9	-	-
Members' other interests classified as equity	9	2,863	513
<b>Total Members' interests</b>		<b>3,555</b>	<b>1,581</b>

\* Restatement to split Members' other interests between liability and equity.

These financial statements were approved by the members and authorised for issue on 28 September 2015.  
They were signed on the members' behalf by:



**Ian N Lewis**  
Designated Member  
London  
28 September 2015

The notes on pages 8 to 12 form part of these Financial Statements.

# Notes to the Financial Statements

## 1 Accounting policies

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

### (a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including the Statement of Recommended Practice ("the SORP") 'Accounting by Limited Liability Partnerships' issued March 2010 and under the historical cost convention.

The members have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the LLP it is controlled by an undertaking whose ultimate parent prepares a group cash flow statement in its financial statements. As such, no cash flow statement is presented.

The presentation of the Profit and Loss Account has been amended to include disclosure of certain members' profit shares being recognised as an expense. This has the impact of reducing profit available for discretionary division amongst the members' by £489,000 in the current year (2013; £319,000) although profit before members' remuneration is unaffected. The presentation of the balance sheet has also been restated to split members' interests between liabilities and equity. As a result of this change, the Profit and Loss Account and balance sheet reflects accepted industry practice and guidance given in the LLP Statement of Recognised Practice (SORP).

### (b) Turnover

The turnover shown in the profit and loss account 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 profit and loss account 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 profit and loss account 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.

## 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

	2014 £'000	2013 £'000
The profit on ordinary activities before taxation is stated after charging:		
Licence fee for use of intellectual property	55	46
Depreciation	10	9
Loss on disposal of tangible fixed assets	8	-
Auditor's remuneration for:		
- fees for statutory audit services	17	13
Operating leases		
- land and buildings	35	36
- plant and machinery	-	-

## 4 Staff costs

	2014 £'000	2013 £'000
Wages and salaries	1,367	1,100
Social security costs	112	102
Other pension costs	34	55
	<b>1,513</b>	<b>1,257</b>

The average number of staff employed within the LLP during the year was 47 (2013: 33).

## 5 Tangible fixed assets

	Office Equipment £'000	Computer Equipment £'000	Computer Software £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	245	18	15	278
Additions in the period	3	8	4	15
Disposals	(246)	(16)	(8)	(270)
<b>At 31 December 2014</b>	<b>2</b>	<b>10</b>	<b>11</b>	<b>23</b>
<b>Depreciation</b>				
At 1 January 2014	242	9	8	259
Charge for the year	2	5	3	10
Disposals	(244)	(11)	(7)	(262)
<b>At 31 December 2014</b>	<b>-</b>	<b>3</b>	<b>4</b>	<b>7</b>
<b>Net book value</b>				
<b>At 31 December 2014</b>	<b>2</b>	<b>7</b>	<b>7</b>	<b>16</b>
<b>At 31 December 2013</b>	<b>3</b>	<b>9</b>	<b>7</b>	<b>19</b>

## 6 Debtors and prepayments

	2014 £'000	2013 £'000
<b>Due within one year</b>		
Trade debtors	978	574
Amounts owed by group undertakings	3,234	31
Other debtors	-	2
Prepayments and accrued income	143	212
<b>Total</b>	<b>4,355</b>	<b>819</b>

## 7 Cash at bank and in hand

The client account balances totaling £279,000 (2013: £671,000) 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

	2014 £'000	2013 £'000
Trade creditors	44	47
Amounts owed to group undertakings	-	57
Other taxes and social security	324	264
Accruals and deferred income	981	234
Other creditors	182	118
	<b>1,531</b>	<b>720</b>

## 9 Members' interest

	Capital Contribution £'000	Members' other interests restated* (classified as a liability) £'000	Loans and other debts due to Members £'000	Members' other interests (classified as equity) £'000	Total £'000
<b>Members' interests at 1 January 2014</b>	40	1,028	-	513	1,581
Profit for the financial year available for discretionary division among the Members'	-	-	-	2,350	2,350
Capital subscribed	50	-	-	-	50
Transfer	-	(426)	426	-	-
Members' drawings	-	-	(426)	-	(426)
<b>Members' interests at 31 December 2014</b>	<b>90</b>	<b>602</b>	<b>-</b>	<b>2,863</b>	<b>3,555</b>

Members' other interests include £250,000 (2013: £602,000) of deferred purchase consideration which is expected to be paid after more than 12 months.

\*Restatement to split members' other interests between liability and equity.

## 10 Related party transactions

The LLP has taken advantage of the exemption in Financial Reporting Standard 8 in respect of transactions with group companies included within the consolidated accounts of the ultimate holding company.

## 11 Operating lease commitments

At 31 December 2014 the LLP had the following annual commitments under non-cancelable operating leases:

	Land and Buildings	
	2014 £'000	2013 £'000
Operating leases which expire:		
Within one year	5	-
Between two and five years	-	33
After more than five years	-	-
	<b>5</b>	<b>33</b>

## 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 Post balance sheet events

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.