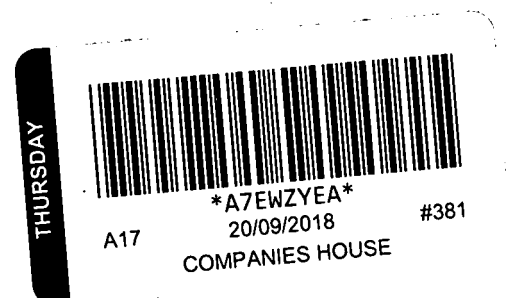


Markel Law LLP

(formerly known as LHS Solicitors LLP)

Annual Report and Financial Statements for the year ended 31 December 2017

Registered Number OC325244



Markel Law LLP
Annual Report and Financial Statements
for the year ended 31 December 2017

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Members' Report

Company registration number OC325244.

The Members present their report on the affairs of Markel Law LLP (formerly known as LHS Solicitors LLP), together with the Financial Statements and auditor's report, for the year ended 31 December 2017.

Group structure

Markel Law 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.

On 10 May 2018 LHS Solicitors LLP was renamed Markel Law LLP.

Principal activities

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 future outlook is positive with the business on a firm footing to take advantage of opportunities in the market.

Statement of members' responsibilities in respect of the Members' Report and the Financial Statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of its 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;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act

2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

Going concern

Although there is a Net Liability position, the LLP has ongoing contracts with a number of customers and suppliers. Additionally, Abbey Protection Group ("APG") will provide support and funds to allow the LLP to meet its commitments as they fall due for one year from the date of signing these Financial Statements. Therefore the Members continue to adopt the going concern basis of accounting in preparing these annual Financial Statements.

Designated Members

The following were designated Members during the period from 1 January 2017 to the date of this report:

Abbey Protection Group Limited

The ultimate parent company of APG is Markel Corporation ("Markel"), which is incorporated in Virginia in the United States and is listed on the New York Stock Exchange.

The following members were appointed:

Ms Beverley Bates - appointed 25 April 2017

Mr Graham Neyt - appointed 25 April 2017

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

Under the Members Agreement, only APG is 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.

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,

A handwritten signature in black ink, appearing to read 'G. Neyt', written over the printed name.

Graham Neyt
Designated Member
Manchester

12 September 2018

Independent Auditor's Report

to the Members of Markel Law LLP (formerly known as LHS Solicitors LLP)

Opinion

We have audited the Financial Statements of Markel Law LLP for the year ended 31 December 2017 as set out on pages 6 to 12. These comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

Other information

The members are responsible for the other information, which comprises the members' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

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 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.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

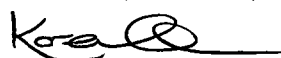
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the members of the 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.

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.



Karen Orr (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

4 September 2018

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover			
Professional services		6,741	8,189
Operating expenses and charges		(9,077)	(10,651)
Operating loss	3	(2,336)	(2,462)
Interest receivable		-	1
Loss for the financial year before Members remuneration and profit shares		(2,336)	(2,461)
Members remuneration charged as an expense		(282)	(371)
Total Retained Loss available for discretionary division among Members		(2,618)	(2,832)

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

The notes on pages 9 to 12 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 2017

	Members' other interests (classified as equity)	Total
	£'000	£'000
2017		
At beginning of year	(2,108)	(2,108)
Total Retained Loss available for discretionary division among the Members	(2,618)	(2,618)
At end of year	(4,726)	(4,726)

	Members' other interests (classified as equity)	Total
	£'000	£'000
2016		
At beginning of year	724	724
Total Retained Loss available for discretionary division among the Members	(2,832)	(2,832)
At end of year	(2,108)	(2,108)

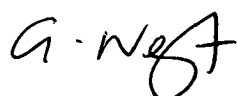
The notes on pages 9 to 12 form part of these Financial Statements.

Statement of Financial Position

as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Current Assets			
Work in progress		192	525
Trade receivables	5	1,929	2,062
Cash and cash equivalents		231	819
Client account balances	6	175	257
Less: balances due to clients		(175)	(257)
		2,352	3,406
Trade payables	7	(7,078)	(5,493)
Total net liabilities attributable to Members		(4,726)	(2,087)
Represented by:			
Members' capital classified as a liability	8	-	21
Members' other interests classified as equity		(4,726)	(2,108)
Total Members' interests		(4,726)	(2,087)

These Financial Statements were approved by the Members and authorised for issue on 12 September 2018. They were signed on the Members' behalf by,



Graham Neyt
Designated Member
Manchester

12 September 2018

The notes on pages 9 to 12 form part of these Financial Statements.

Notes to the Financial Statements

1 Accounting policies

Markel Law 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 Personnel compensation; and
- 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 Standard. A summary of the more important accounting policies that have been applied consistently is set out below.

(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

Although there is a Net Liability position, the LLP has ongoing contracts with a number of customers and suppliers. Additionally, APG will provide support and funds to allow the LLP to meet its commitments as they fall due for one year from the date of signing these Financial Statements. Therefore the Members continue to adopt the going concern basis of accounting in preparing these annual Financial Statements.

(e) Operating leases

Annual rentals relating to operating leases are charged to operating profit on a straight line basis over the lease term.

(f) 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.

(g) 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.

(h) 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 Operating loss

	2017 £'000	2016 £'000
The loss on ordinary activities before taxation is stated after charging:		
Licence fee for use of intellectual property	55	55

Statutory audit fees of £21,000 (2016, £21,675) were paid on behalf by a Markel subsidiary, Markel International Services Limited ("MISL"), which is the Markel group expense service company.

4 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	4,149	5,349
Social security costs	432	614
Other pension costs	505	815
Total	5,086	6,778

The average number of staff employed within the LLP during the year was 100 (2016, 120).

5 Trade receivables

	2017 £'000	2016 £'000
Due within one year		
Trade debtors	586	969
Amounts owed by group undertakings	1,194	1,050
Prepayments and accrued income	149	43
Total	1,929	2,062

6 Client account balances

The client account balances totaling £175,000 (2016, £257,000) are held in trust on behalf of clients and are not therefore available for use by the LLP.

7 Trade payables

	2017 £'000	2016 £'000
Trade creditors	197	257
Amounts owed to group undertakings	4,482	1,641
Other taxes and social security	-	319
Accruals and deferred income	2,379	3,230
Other creditors	20	46
	7,078	5,493

8 Members' interest classified as liability

Members' capital

	£'000
Balance at 1 January 2016	21
Capital subscribed	-
Balance at 31 December 2016	21
Capital repaid	(21)
Members' interests at 31 December 2017	-

9 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.

10 Post balance sheet events

On 10 May 2018 LHS Solicitors LLP was renamed Markel Law LLP.

11 Controlling party

APG 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.