

Limited Liability Partnership Registration No. OC326278 (England and Wales)

RHEALISATION LLP

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

# **RHEALISATION LLP**

## **LIMITED LIABILITY PARTNERSHIP INFORMATION**

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**Designated members** Mr M N Cross  
Mr D Bastide  
Mr C R Baker  
Mr J W M Chadwick

**Limited liability partnership number** OC326278

**Registered office** Belmont House  
Station Way  
Crawley  
RH10 1JA

**Accountants** MHA Carpenter Box  
Amelia House  
Crescent Road  
Worthing  
West Sussex  
BN11 1QR

**Business address** Belmont House  
Station Way  
Crawley  
RH10 1JA

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# RHEALISATION LLP

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# **RHEALISATION LLP**

## **MEMBERS' REPORT**

***FOR THE YEAR ENDED 30 APRIL 2018***

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The members present their annual report and financial statements for the year ended 30 April 2018.

### **Principal activities**

The principal activity of the limited liability partnership was previously the provision of legal services in the United Kingdom. However, in December 2015, the trade and assets of the limited liability partnership and its subsidiaries were acquired by Irwin Mitchell LLP and this trade ceased. Since the cessation of the trade the members have sought to realise the remaining assets of the limited liability partnership and its subsidiaries and settle the remaining liabilities in an orderly fashion.

### **Members' drawings, contributions and repayments**

Given the cessation of the LLP's trade, no new members are expected to join the LLP. Members' capital has been repaid and the level of drawings has been agreed collectively by the remaining members and is made according to each member's interests.

The members have undertaken to leave sufficient reserves in the LLP to allow it to meet the obligations recorded, including those relating to the contingent liabilities.

### **Designated members**

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M N Cross  
Mr D Bastide  
Mr C R Baker  
Mr J W M Chadwick

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the members on 9 October 2018 and signed on behalf by:

Mr D Bastide  
**Designated Member**

## **RHEALISATION LLP**

### **MEMBERS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2018***

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The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires 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. Under company law (as applied by 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **RHEALISATION LLP**

### **ACCOUNTANTS' REPORT TO THE MEMBERS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF RHEALISATION LLP FOR THE YEAR ENDED 30 APRIL 2018**

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Rhealisation LLP for the year ended 30 April 2018 which comprise the Profit And Loss Account, the Balance Sheet and the related notes from the limited liability partnership's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the limited liability partnership's members of Rhealisation LLP, as a body, in accordance with the terms of our engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Rhealisation LLP and state those matters that we have agreed to state to the limited liability partnership's members of Rhealisation LLP, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rhealisation LLP and its members as a body, for our work or for this report.

It is your duty to ensure that Rhealisation LLP has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Rhealisation LLP. You consider that Rhealisation LLP is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Rhealisation LLP. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

**MHA Carpenter Box**

10 October 2018

**Chartered Accountants**

Amelia House  
Crescent Road  
Worthing  
West Sussex  
BN11 1QR

## RHEALISATION LLP

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Administrative expenses		(113,808)	(579,427)
Profit/(loss) on disposal of operations		-	(108,000)
		<u>          </u>	<u>          </u>
<b>Operating loss</b>		(113,808)	(687,427)
Other interest receivable and similar income		-	5,070
(Loss) / profit on disposal of fixed asset investments	2	(110,919)	65,317
		<u>          </u>	<u>          </u>
<b>Loss for the financial year before members' remuneration and profit shares</b>		(224,727)	(617,040)
		<u>          </u>	<u>          </u>
Loss for the financial year before members' remuneration and profit shares		(224,727)	(617,040)
Members' remuneration charged as an expense		-	-
		<u>          </u>	<u>          </u>
<b>Loss for the financial year available for discretionary division among members</b>		(224,727)	(617,040)
		<u>          </u>	<u>          </u>

The transactions and charges shown within the Profit and Loss Account relate exclusively to discontinued operations. As disclosed within the Members' Report and note 1.2 the LLP has ceased trading.

## RHEALISATION LLP

### BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Investments	3		3	2,728,657	
<b>Current assets</b>					
Debtors	4	328,736		2,639,498	
Cash at bank and in hand		892,661		672,921	
		<u>1,221,397</u>		<u>3,312,419</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(115,553)</u>		<u>(23,002)</u>	
<b>Net current assets</b>			1,105,844		3,289,417
<b>Total assets less current liabilities</b>			1,105,847		6,018,074
<b>Provisions for liabilities</b>			(440,000)		(440,000)
<b>Net assets attributable to members</b>			<u>665,847</u>		<u>5,578,074</u>
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>	6				
Other amounts			665,847		5,578,074
			<u>665,847</u>		<u>5,578,074</u>
<b>Total members' interests</b>	6				
Loans and other debts due to members			665,847		5,578,074
			<u>665,847</u>		<u>5,578,074</u>

For the financial year ended 30 April 2018 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.

The members acknowledge their responsibilities for complying with the requirements of the Act (as applied to limited liability partnerships) with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships regime.

The financial statements were approved by the members and authorised for issue on 9 October 2018 and are signed on their behalf by:

Mr M N Cross  
Designated member

Mr D Bastide  
Designated Member

Limited Liability Partnership Registration No. OC326278



# RHEALISATION LLP

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2018**

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### **1 Accounting policies**

#### **Limited liability partnership information**

Rhealisation LLP is a limited liability partnership incorporated in England and Wales. The registered office is Belmont House, Station Way, Crawley, RH10 1JA.

The limited liability partnership's principal activities are disclosed in the Members' Report.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The limited liability partnership heads a small group and has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the limited liability partnership as an individual entity and not about its group.

#### **1.2 Going concern**

The LLP and its group have ceased trading and no longer meet the going concern criteria. Accordingly, the financial statements have been prepared on a basis other than that of a going concern. The members are however seeking to realise the assets and settle the liabilities of the group in an orderly fashion and consider that the value of the assets and liabilities, as disclosed within these financial statements, represent the realisable values of each.

#### **1.3 Members' participating interests**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

# RHEALISATION LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

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### 1 Accounting policies

(Continued)

#### 1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the limited liability partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.6 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

# RHEALISATION LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

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### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

#### 1.7 Equity instruments

Equity instruments issued by the limited liability partnership are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the limited liability partnership.

#### 1.8 Provisions

Provisions are recognised when the limited liability partnership has a legal or constructive present obligation as a result of a past event, it is probable that the limited liability partnership will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.9 Profit allocations

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP. Salaried members' were remunerated through employment contracts with Rhealisation LLP and fixed share members were entitled to a pre-determined share of the profits plus a potential performance-related bonus element. All other members participate fully in the firm's profits, sharing the risks and rewards according to profit sharing ratios that are determined annually by an elected committee after careful consideration of a range of performance measures.

#### 1.10 Drawings

Drawings represent payments on account of profits which may be allocated to members. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the limited liability partnership and may be reclaimed from members until profits have been allocated to them. Unallocated profits are included within members' other interests, classified as equity, advanced drawings in excess of allocated profits are included within 'Amount due from members' in debtors, and allocated profits in excess of drawings are included within 'Amounts due to members as a liability'.

#### 1.11 Members' capital

Initial capital contributions ('principal capital') of each of the members are amounts as set out in the limited liability partnership agreement. Further members shall contribute upon admission the the limited liability partnership such capital as determined by the Board.

No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the limited liability partnership deed and approved by the Board. Members' principal capital is therefore classified as equity.

## RHEALISATION LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

#### 2 Amounts written off investments

	2018 £	2017 £
(Loss)/gain on disposal of fixed asset investments	(110,919)	65,317

In the comparative year the LLP disposed of its investment in an insurance company, which managed the professional indemnity of its members, through a redemption by the company of the interest held by the LLP. The original estimate of the sales proceeds generated a gain on disposal of £65,317 and the first instalment payment was received as a reduction in liabilities in that year. The members have since been advised that a different basis of calculation should have been used in determining the proceeds, giving rise to an overall loss on the disposal. It is this revision, to the previously recognised gain, which is the movement shown in the current period.

#### 3 Fixed asset investments

	2018 £	2017 £
Investments	3	2,728,657

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 May 2017	2,728,657
Redemption of share capital by subsidiary	(154,000)
Disposals	(2,573,630)
At 30 April 2018	1,027
<b>Impairment</b>	
At 1 May 2017	-
Impairment losses	1,024
At 30 April 2018	1,024
<b>Carrying amount</b>	
At 30 April 2018	3
At 30 April 2017	2,728,657

# RHEALISATION LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 4 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	-	10,000
Other debtors	328,736	2,629,498
	<u>328,736</u>	<u>2,639,498</u>

### 5 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	43,050	-
Other creditors	72,503	23,002
	<u>115,553</u>	<u>23,002</u>

### 6 Reconciliation of Members' Interests

	<b>EQUITY</b> Members' other interests	<b>DEBT</b> Loans and other debts due to members less any amounts due from members in debtors	<b>TOTAL</b> <b>MEMBERS'</b> <b>INTERESTS</b>
	<b>Other reserves</b>	<b>Other amounts</b>	<b>Total</b>
	£	£	£
Amounts due to members		5,578,074	
Members' interests at 1 May 2017	-	5,578,074	5,578,074
Loss for the financial year available for discretionary division among members	(224,727)	-	(224,727)
Members' interests after loss for the year	(224,727)	5,578,074	5,353,347
Allocation of loss for the financial year	224,727	(224,727)	(224,727)
Drawings	-	(4,687,500)	(4,687,500)
Members' interests at 30 April 2018	-	665,847	665,847
Amounts due to members		665,847	
		<u>665,847</u>	

## **RHEALISATION LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 APRIL 2018**

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#### **7 Loans and other debts due to members**

Total members' interest, including loans and other debts due to members, are unsecured and would rank pari passu with other unsecured creditors in the event a winding up.

Loans and other debts due to members are due within one year. Members' capital is repaid to retiring members at the same value at which they contributed it.

#### **8 Financial commitments, guarantees and contingent liabilities**

SIMIA (the Solicitors Indemnity Mutual Insurance Association) a mutual insurance company who sold professional indemnity insurance of above 1 million to firms of solicitors has for the last few years been in the process of runoff. The limited liability partnership had previously been notified of potential exposures to uncovered claims amounting to £746,543. A sale of the runoff book was approved by the Members at a meeting on 15 May 2017. That sale requires approval by the regulatory authorities. The sale of the runoff book will mean that there will be no contingent liability in the future and indeed there is the possibility of a refund of part of the recent contribution call.

The limited liability partnership has guaranteed the obligation to Cheviot Trust. Actuaries retained by the limited liability partnership have assessed the value of that contingent liability at between zero and £400,000. The members of the limited liability partnership have resolved to retain £400,000 in cash deposits as reserve against this contingent liability. The limited liability partnership will review this reserve from year to year.

The previous partnership (Thomas Eggar) provided a pension scheme to staff through the Cheviot Pension Scheme, a defined contribution scheme that is closed to new members, and which includes certain guaranteed rates of return on one section of the scheme which the limited liability partnership guaranteed.

A valuation under Financial Reporting Standard 102 performed as at 31 December 2016 shows that on a scheme funding basis the assets of the scheme are sufficient to cover all of the relevant liabilities and it is the members' understanding that this remained accurate at the reporting date. On an estimated buyout basis the limited liability partnership's share of the deficit has been calculated as £239,544. The financial statements record neither an asset nor a liability in relation to the scheme either in the current or comparative periods.

**RHEALISATION LLP**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 30 APRIL 2018**

## RHEALISATION LLP

### DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

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	£	2018 £	£	2017 £
<b>Administrative expenses</b>		(113,808)		(579,427)
<b>Exceptional items</b>				
Reduction in disposal proceeds	-		(108,000)	
	<u>-</u>	<u>(113,808)</u>	<u>(108,000)</u>	<u>(687,427)</u>
<b>Operating loss</b>		(113,808)		(687,427)
<b>Investment revenues</b>				
Bank interest received	-		5,070	
	<u>-</u>		<u>5,070</u>	
		-		5,070
<b>Other gains and losses</b>				
(Loss) / profit on disposal of fixed asset investments		(110,919)		65,317
		<u>(110,919)</u>		<u>65,317</u>
<b>Loss before taxation</b>	-	<u>(224,727)</u>	-	<u>(617,040)</u>

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## RHEALISATION LLP

### SCHEDULE OF ADMINISTRATIVE EXPENSES

*FOR THE YEAR ENDED 30 APRIL 2018*

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	2018	2017
	£	£
<b>Administrative expenses</b>		
Members' insurance against liability	13,270	38,435
Indemnity claims	-	332,525
Rent re operating leases	-	126,432
Travelling expenses	291	112
Legal and professional fees	19,975	30,058
Accountancy	15,100	7,000
Non audit remuneration paid to auditors	59,373	18,035
Audit fees	10,238	16,000
Bank charges	2,372	37
Bad and doubtful debts	16,000	-
Sundry expenses	-	8,252
Refunds of past expenditure	(23,835)	-
Impairment losses	1,024	1,429
Profit or loss on sale of tangible assets (non exceptional)	-	1,112
	<hr/>	<hr/>
	113,808	579,427
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