



# **BIRKETT LONG LLP**

## **Financial Statements**

**31 May 2020**



# **BIRKETT LONG LLP**

## **Financial Statements 2020**

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# **BIRKETT LONG LLP**

## **Financial Statements 2020**

### **Officers and professional advisers**

#### **Members**

Peter Allen  
Melanie Bache  
David Cant  
Emma Clarke  
Lisa Collins  
Tracey Dickens  
Caroline Dowding  
Kurt Goddard  
Philip Hoddell  
Martin Hopkins  
Elizabeth Jones  
Melanie Loxley

Timothy Ogle  
Louise Pisano  
David Rayner  
Claire Read  
Amanda Smallcombe  
Keith Songhurst  
Justin Stock  
Kevin Sullivan  
David Wisbey  
Emma Wraight  
Joann Kebbell  
Ben Parmenter  
Julie Temple

#### **Registered office**

1 Amphora Place  
Sheepen Road  
Colchester  
CO3 3WG

#### **Bankers**

Lloyds Banking Group plc  
Bank House  
Primett Road  
Stevenage  
Herts  
SG1 3EE

#### **Auditor**

Edmund Carr LLP  
Chartered Accountants & Statutory Auditor  
146 New London Road  
Chelmsford  
Essex  
CM2 0AW

## Members' Report

The members are pleased to present their report and the audited financial statements for the year ended 31 May 2020.

### Principal activities

The principal activities of Birkett Long LLP and its subsidiary undertakings (the 'group') are the provision of legal and financial services in the UK.

### Results

The results for the year are set out on page 8. The members regard the results and future prospects to be satisfactory.

### Review of business

#### Birkett Long (consolidated)

2019/20 was a tale of two halves, or more accurately a tale of three quarters and one quarter. At the end of Q3 the turnover of the Group was 6.5% up year on year and the Group was on track to achieve its stated aim of averaging well in excess of £1m per month turnover at the end of the year. With the impact on our workloads caused by COVID and the lockdown restrictions we ended the year with turnover rising from £11.39m to £11.65m, an increase of 2.3% year on year. This was still a fantastic achievement bearing in mind the impact on the Group's business.

With the imposition of lockdown restrictions on 23 March we had to mobilise very quickly to enable our workforce to work from home and to maintain our service to our clients. This process was described by the Group's Director of IT as akin to turning the firm inside out in a matter of days. That this was achieved is testament to our support teams, our colleagues and thanks to our recent investment in our IT infrastructure.

Since then, and as shown by the above, turnover has been maintained at respectable levels across our teams. This is despite the numerous challenges faced by teams in adjusting to lockdown, helping clients go through that transition and coping with delays in normal turnaround of work caused by third parties also taking time to adjust. The Group has maintained excellent cashflow and whilst taking a prudent approach, continues to invest in key areas to drive the business forward and build our resilience. The members have particularly been keen to ensure that those positive changes forced on the Group by the impact of lockdown restrictions can be retained and we are working hard on maintaining those changes in areas including IT, printing, flexible working and process improvement. The Group has launched its "Meta" group which has the task of driving change within our teams and they are already making excellent progress with a "spring clean" of our working practices.

The changes made to our Residential Real Estate team last year and its emphasis on targeting the market with high service levels have proved very successful and have protected the team from the impact on the market caused by lockdown. Our Intellectual Property team had an excellent first full financial year achieving turnover of c.£330,000. The Group will continue to invest in this area with a number of specialist recruits planned for the next financial year.

Across the Group we will be speeding up our transformation of our working practices and IT provision including major changes to our software supporting teams and our finance package. Our colleagues and our clients will be at the front and centre of these changes and we see exciting opportunities for both alike in making these changes.

While the possibilities of further economic downturn, additional restrictions and a no deal Brexit continue to be of concern to the members we are cautiously optimistic about performance across the Group in the coming year. We are very confident that we have built in the resilience required to withstand any further impact caused by these risks. The members are always grateful to the individuals and teams who work so hard to support the Group and never more so than in these recent times.

#### Birkett Long (IFA)

The 2019/20 trading year for Birkett Long IFA saw a turnover of £968,747, an increase of 4.4% on 2018/19. The outbreak of the coronavirus pandemic has affected the economy, causing a recession with UK GDP 26% lower in April 20 compared to February 20. The FTSE 100 Index fell from 7,670 in mid-January to 4,993 towards the end of March 20. This had a negative impact on ongoing fee income in Q2 of 2020. Testing of the new software system continues, and we are already seeing positive results. We remain confident in the financial services sector with consumers requiring financial advice more than

## **Members' Report**

ever as coronavirus has presented opportunities. In addition, the cross-referral opportunities between BL Legal and BLIFA remain strong, providing us with a market advantage of both legal and financial advice to our clients.

### **Members**

The Designated members who served during the year were as follows:

Peter Allen	
Tracey Dickens	Louise Pisano
Kurt Goddard	Timothy Ogle
Philip Hoddell	Claire Read
Martin Hopkins	David Wisbey

The Non-Designated members who served during the year were as follows:

Melanie Bache	Ben Parmenter
David Cant	David Rayner
Emma Clarke	Amanda Smallcombe
Lisa Collins	Keith Songhurst
Caroline Dowding	Justin Stock
Elizabeth Jones	Kevin Sullivan
Joann Kebbell	Julie Temple
Melanie Loxley	Marc Thurlow (resigned 30/06/19)
	Emma Wraight

### **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 from the firm, or at such other time as is determined by the Management Board.

### **Members' Responsibilities Statement**

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

The Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare group financial statements for each financial year. Under the law the members have elected to prepare the group financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 group and the LLP and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 group 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 group and enable them to ensure that the financial statements comply with the 2008 Regulations. They 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.

# **BIRKETT LONG LLP**

## **Members' Report**

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 preparing and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditor**

Each of the persons who are members at the time when this Members' report is approved confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

### **Auditor**

Edmund Carr LLP, having expressed their willingness to continue in office, will be deemed to be reappointed for the next financial period in accordance with section 487(2) of the Companies Act 2006 unless the LLP receives notice under section 488(1) of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Approved by the members

and signed on behalf of the members 22 September 2020



**Martin Hopkins**  
Designated member

# **Birkett Long LLP**

## **Independent Auditor's Report to the Members of Birkett Long LLP**

### **Opinion**

We have audited the financial statements of Birkett Long LLP (the 'limited liability partnership') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, LLP statement of financial position, consolidated statement of cashflows, consolidated statement of changes in equity, LLP statement of changes in equity 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 the 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 group's and of the limited liability partnership's affairs as at 31 May 2020, and of the group's 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.

### **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 group 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 relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The members are responsible for the other information. The other information comprises the information included in the members' 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# **Birkett Long LLP**

## **Independent Auditor's Report to the Members of Birkett Long LLP**

### **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 limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership'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; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships' regime.

### **Responsibilities of members**

As explained more fully in the members' responsibilities statement set out on page 3, 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 group's and the limited liability partnership'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 group or the limited liability partnership 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the limited liability partnership's ability



# **Birkett Long LLP**

## **Independent Auditor's Report to the Members of Birkett Long LLP**

to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the limited liability partnership to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 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. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Raymond Crace (Senior Statutory Auditor)

For and on behalf of  
Edmund Carr LLP  
Chartered Accountants & Statutory Auditor  
146 New London Road  
Chelmsford  
Essex  
CM2 0AW

22 September 2020

**Consolidated Statement of Comprehensive Income  
For the year ended 31 May 2020**

	<b>Note</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Turnover</b>	5	11,651,009	11,392,444
Other operating and furlough income		<u>428,942</u>	<u>275,292</u>
		12,079,951	11,667,736
Staff costs	7	(5,411,162)	(4,850,226)
Depreciation		(317,402)	(354,522)
Other operating expenses		<u>(3,594,901)</u>	<u>(3,412,242)</u>
<b>Operating profit</b>	6	2,756,486	3,050,746
Impairment loss	10	(86,684)	(52,567)
Interest payable and similar charges		<u>(19,655)</u>	<u>(23,369)</u>
<b>Profit for the financial year before members' remuneration and profit shares</b>		2,650,147	2,974,810
Members' remuneration charged as an expense	7	<u>(2,650,147)</u>	<u>(2,974,810)</u>
<b>Profit for the financial year available for discretionary division among members</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the financial year</b>		<u>-</u>	<u>-</u>

The accompanying accounting policies and notes form part of these financial statements.

# BIRKETT LONG LLP

## Consolidated Statement of Financial Position For the year ended 31 May 2020

		2020 £	2019 £
	Note		
<b>Fixed assets</b>			
Intangibles	8	-	-
Tangible assets	9	1,253,080	1,418,425
Investments	10	<u>60,750</u>	<u>60,750</u>
		<u>1,313,830</u>	<u>1,479,175</u>
<b>Current assets</b>			
Debtors	11	2,544,819	2,657,084
Cash at bank and in hand		<u>1,819,741</u>	<u>983,327</u>
<b>Current assets</b>		4,364,560	3,640,411
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,740,900)</u>	<u>(1,637,333)</u>
<b>Net current assets</b>		<u>1,623,660</u>	<u>2,003,078</u>
<b>Total assets less current liabilities</b>		2,937,490	3,482,253
<b>Creditors: amounts falling due after more than one year</b>	13	(316,567)	(416,567)
<b>Provisions for liabilities</b>			
Other provisions	15	<u>(79,660)</u>	<u>(83,643)</u>
<b>Net assets attributable to members</b>		<u>2,541,263</u>	<u>2,982,043</u>

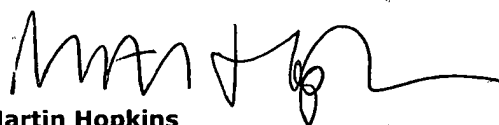
### Represented by:

#### Loans and other debts due to members

Members' capital classified as debt	1,020,000	1,080,000
Members' other interests	<u>1,521,263</u>	<u>1,902,043</u>
<b>Total members' interests</b>	<u>2,541,263</u>	<u>2,982,043</u>

These financial statements were approved by the members on *22 September 2020*

Signed on behalf of the members:



**Martin Hopkins**

Designated member

LLP registration no: OC334273

The accompanying accounting policies and notes form part of these financial statements.

# BIRKETT LONG LLP

## LLP Statement of Financial Position For the year ended 31 May 2020

		2020 £	2019 £
	<b>Note</b>		
<b>Fixed assets</b>			
Intangibles	8	-	-
Tangible assets	9	1,253,080	1,418,425
Investments	10	<u>60,751</u>	<u>60,751</u>
		<u>1,313,831</u>	<u>1,479,176</u>
<b>Current assets</b>			
Debtors	11	2,542,672	2,662,603
Cash at bank and in hand		<u>1,630,728</u>	<u>801,889</u>
<b>Current assets</b>		4,173,400	3,464,492
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,720,581)</u>	<u>(1,624,434)</u>
<b>Net current assets</b>		<u>1,452,819</u>	<u>1,840,058</u>
<b>Total assets less current liabilities</b>		2,766,650	3,319,234
<b>Creditors: amounts falling due after more than one year</b>	13	(316,567)	(416,567)
<b>Provisions for liabilities</b>			
Other provisions	15	<u>(79,660)</u>	<u>(83,643)</u>
<b>Net assets attributable to members</b>		<u>2,370,423</u>	<u>2,819,024</u>

### Represented by:

#### Loans and other debts due to members

Members' capital classified as debt	1,020,000	1,080,000
Members' other interests	<u>1,350,423</u>	<u>1,739,024</u>

<b>Total members' interests</b>	<u>2,370,423</u>	<u>2,819,024</u>
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These financial statements were approved by the members on *22 September 2020*  
Signed on behalf of the members: ,



**Martin Hopkins**

Designated member

LLP registration no: OC334273

The accompanying accounting policies and notes form part of these financial statements.

# BIRKETT LONG LLP

## Consolidated Statement of Cashflows For the year ended 31 May 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year available for discretionary division among members	-	-
<b>Adjustments for:</b>		
Members' remuneration charged as an expense	2,650,147	2,974,810
Impairment of investments	86,684	52,567
Depreciation of tangible assets	317,402	354,522
Loss/Profit on disposal of tangible assets	(1,788)	10,664
Interest paid	19,655	23,369
Decrease / (increase) in debtors	112,265	29,779
Increase / (decrease) in creditors	895,805	187,006
Increase / (decrease) in provisions	(3,983)	-
<b>Cash from operations</b>	<b><u>4,076,187</u></b>	<b><u>3,632,717</u></b>
<b>Net cash generated from operating activities before transactions with members</b>	<b>4,076,187</b>	<b>3,632,717</b>
Drawings	(3,030,927)	(2,506,485)
<b>Net cash generated from operating activities</b>	<b><u>1,045,260</u></b>	<b><u>1,126,232</u></b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of tangible assets	4,140	-
Purchases of tangible assets	(154,409)	(45,362)
Purchases of investments	(86,684)	-
<b>Net cash from investing activities</b>	<b><u>(236,953)</u></b>	<b><u>(45,362)</u></b>
<b>Cash flows from financing activities</b>		
Increase in / (repayment of) bank loans	107,762	(285,940)
Repayment of finance lease obligations	-	-
Interest paid	(19,655)	(23,369)
Capital introduced by members	-	60,000
Repayment of capital or debt to members	(60,000)	-
<b>Net cash used in financing activities</b>	<b><u>28,107</u></b>	<b><u>(249,309)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>836,414</b>	<b>831,561</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>983,327</u></b>	<b><u>151,766</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>1,819,741</u></b>	<b><u>983,327</u></b>

The accompanying accounting policies and notes form part of these financial statements.

## BIRKETT LONG LLP

### Consolidated Statement of Changes in Equity For the year ended 31 May 2020

	Members' capital classified as debt £	Members' other interests £	Total £
<b>At 1 June 2018</b>	<b>1,020,000</b>	<b>1,433,718</b>	<b>2,453,718</b>
Profit for the financial year available for discretionary division among members	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
Members' remuneration charged as an expense	-	2,974,810	2,974,810
Drawings	-	(2,506,485)	(2,506,485)
Capital introduced	60,000	-	60,000
Repayment of capital	-	-	-
<b>At 1 June 2019</b>	<b>1,080,000</b>	<b>1,902,043</b>	<b>2,982,043</b>
Profit for the financial year available for discretionary division among members	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
Members' remuneration charged as an expense	-	2,650,147	2,650,147
Drawings	-	(3,030,927)	(3,030,927)
Capital introduced	-	-	-
Repayment of capital	(60,000)	-	(60,000)
<b>At 31 May 2020</b>	<b>1,020,000</b>	<b>1,521,263</b>	<b>2,541,263</b>

### LLP Statement of Changes in Equity

	Members' capital classified as debt £	Members' other interests £	Total £
<b>At 1 June 2018</b>	<b>1,020,000</b>	<b>1,189,371</b>	<b>2,209,371</b>
Profit for the financial year available for discretionary division among members	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
Members' remuneration charged as an expense	-	2,811,791	2,811,791
Drawings	-	(2,262,138)	(2,262,138)
Capital introduced	60,000	-	60,000
Repayment of capital	-	-	-
<b>At 1 June 2019</b>	<b>1,080,000</b>	<b>1,739,024</b>	<b>2,819,024</b>
Profit for the financial year available for discretionary division among members	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>
Members' remuneration charged as an expense	-	2,479,307	2,479,307
Drawings	-	(2,867,908)	(2,867,908)
Capital introduced	-	-	-
Repayment of capital	(60,000)	-	(60,000)
<b>At 31 May 2020</b>	<b>1,020,000</b>	<b>1,350,423</b>	<b>2,370,423</b>

The accompanying accounting policies and notes form part of these financial statements.

## **Notes to the Financial Statements For the year ended 31 May 2020**

### **1. Entity information**

Birkett Long LLP is a Limited Liability Partnership and is incorporated in England. The registered office is 1 Amphora Place, Sheepen Road, Colchester, CO3 3WG. The LLP registration no. is OC334273.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), Companies Act 2006 as applied to LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in January 2017. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Birkett Long LLP and all its subsidiary undertakings drawn up to 31 May each year.

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own Profit and Loss Account in these financial statements. The LLPs profit for the year before members' remuneration charged as an expense was £2,479,307 (2019: £2,811,791).

The individual accounts of Birkett Long LLP have also adopted the following disclosure exemption:

- the requirement to present a statement of cash flows and related notes.

#### **Going concern**

After reviewing the group's forecasts and projections, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The members have considered the impact of the COVID-19 pandemic in their assessment of the LLP's ability to prepare financial statements as a going concern. Because of the uncertainties surrounding the effects of the economic slowdown it is difficult to predict the impact on the LLP and its customers, but having taken all the factors into account, the members are of the opinion that the LLP has sufficient resources to continue trading for the next 12 months from the date of signing these financial statements.

### **3. Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates in a number of areas, including amounts recoverable under contracts and bad debt provision.

### **4. Principal accounting policies**

#### **4.1 Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

**Notes to the Financial Statements  
For the year ended 31 May 2020**

**4.2 Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the LLP and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**4.3 Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Goodwill	5 years
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If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in the income statement in the periods expected to be benefitted.

**4.4 Tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight-line method. The rates applicable are:

Leasehold improvements	Period of lease
Fixtures, fittings and equipment	5 years
Computer equipment and software	4 – 5 years

**4.5 Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**4.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



**Notes to the Financial Statements  
For the year ended 31 May 2020**

**4.7 Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**4.8 Leases**

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

**4.9 Provisions for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**4.10 Members' drawings and the subscription and repayment of members' capital**

Profits are allocated in accordance with the LLP Members' Agreement.

Drawings are treated as payments on account of profit allocation. 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. Drawings are only repayable to the LLP in so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members' within debtors.

The capital requirements of the LLP are determined by the members and are in accordance with the LLP Members' Agreement.

An interest rate of 3% over base rate is paid on the fixed capital. On leaving the LLP, a member's capital is repaid after a balance sheet has been drawn up by the auditors as at the determination date.

During the year and up to the date of approval of these accounts, there were no amounts of members' interests transferred from capital to debt or transferred from debt to equity.

In the event of winding up, loans and other debts due to members and members' other interests rank subordinate to other unsecured creditors.

**4.11 Taxation**

Tax to be paid on the profits arising in the LLP are a personal tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements. Tax as presented within these financial statements represents tax arising from other group undertakings.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and

## **Notes to the Financial Statements For the year ended 31 May 2020**

- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **4.12 Turnover**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services.

#### **Rendering of services**

Turnover is recognised when the LLP has performed services in accordance with the agreement with the relevant client and has obtained a right to consideration for those services. Where such income has not been billed at the year end it is included in accrued income.

### **4.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the LLP will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the LLP recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

### **4.14 Pensions and other employee benefits**

Short-term employee benefits and contributions to defined contribution pension schemes are recognised as an expense in the period in which they are incurred.

Defined benefit pension scheme liabilities are measured on an actuarial basis, with actuarial valuations being completed on a triennial basis. The defined benefit scheme is closed to new members and future accrual, but any deficit funding contributions required are recognised as an expense in the period in which they are incurred.

# BIRKETT LONG LLP

## Notes to the Financial Statements For the year ended 31 May 2020

### 4.15 Foreign currency translation

#### Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

### 4.16 Financial instruments

Each group entity only enters into basic financial instrument transactions, which result in the recognition of financial assets and liabilities such as trade and other debtors and creditors.

## 5. Turnover

Turnover is attributable to the provision of legal and financial services in the United Kingdom as follows:

	2020	2019
	£	£
Legal services	10,682,262	10,464,724
Financial services	<u>968,747</u>	<u>927,720</u>
	<u>11,651,009</u>	<u>11,392,444</u>

## 6. Operating profit

The operating profit is stated after:

	2020	2019
	£	£
Auditor's remuneration:		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	12,000	12,000
Fees payable to the LLP's auditor for other services:		
Audit of the accounts of subsidiaries	6,000	6,000
Tax compliance services	16,120	13,700
Other operating lease rentals	548,281	536,121
Depreciation	<u>317,402</u>	<u>354,522</u>

## 7. Members and employees

	2020	2019
	£	£
Staff costs during the year were as follows:		
Wages and salaries	4,741,545	4,243,050
Social security costs	453,421	409,268
Other pension costs	<u>216,196</u>	<u>197,909</u>
	<u>5,411,162</u>	<u>4,850,227</u>

**Notes to the Financial Statements  
For the year ended 31 May 2020**

**Retirement benefit schemes**

**Defined contribution schemes**

The Group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pensions provider. Pension payments recognised as an expense during the year amount to £216,196 (2019: £197,909).

**Defined benefit schemes**

The Group operates an "old" defined benefit pension scheme in conjunction with other third party employers, with the assets of the scheme being held separately from those of the Group. The scheme was closed to new members and future accrual on 31 December 2002. Actuarial valuations are carried out on a triennial basis, with the latest valuation being carried out as at 31 December 2017. The valuation as at 31 December 2017 showed that there was a scheme funding surplus of £4,224 relating to Birkett Long LLP.

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The average number of employees of the group during the year was:		
Fee earners	57	56
Other	<u>86</u>	<u>86</u>
	<u>143</u>	<u>142</u>

**Information in relation to members**

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
The average number of members during the year was:		
Full members	<u>25</u>	<u>26</u>

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Paid under the terms of the LLP agreement	<u>2,650,147</u>	<u>2,974,810</u>
The amount of profit attributable to the member with the largest entitlement was:	<u>152,049</u>	<u>186,365</u>

# BIRKETT LONG LLP

## Notes to the Financial Statements For the year ended 31 May 2020

### 8. Intangible fixed assets

#### Group and LLP

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 June 2019	468,441
Additions	-
At 31 May 2020	<u>468,441</u>
<b>Depreciation and impairment</b>	
At 1 June 2019	468,441
Charge for the year	-
At 31 May 2020	<u>468,441</u>
<b>Net book amount at 31 May 2020</b>	<u>-</u>
Net book amount at 31 May 2019	<u>-</u>

Amortisation of intangible fixed assets is included in other operating expenses.

### 9. Tangible fixed assets

Group and LLP	Leasehold improve- ments £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 June 2019	1,189,462	964,675	527,851	2,681,988
Additions	-	36,034	118,375	154,409
Disposals	<u>-</u>	<u>(23,520)</u>	<u>-</u>	<u>(23,520)</u>
At 31 May 2020	<u>1,189,462</u>	<u>977,189</u>	<u>646,226</u>	<u>2,812,877</u>
<b>Depreciation</b>				
At 1 June 2019	253,206	552,747	457,610	1,263,563
Provided in the year	84,366	172,980	60,056	317,402
Disposals	<u>-</u>	<u>(21,168)</u>	<u>-</u>	<u>(21,168)</u>
At 31 May 2020	<u>337,572</u>	<u>704,559</u>	<u>517,666</u>	<u>1,559,797</u>
<b>Net book amount</b>				
At 31 May 2020	<u>851,890</u>	<u>272,630</u>	<u>128,560</u>	<u>1,253,080</u>
At 31 May 2019	<u>936,256</u>	<u>411,928</u>	<u>70,241</u>	<u>1,418,425</u>

**Notes to the Financial Statements  
For the year ended 31 May 2020**

**10. Investments**

Total fixed asset investments comprise:  
**Group and LLP**

	<b>Shares in Meridies £</b>
<b>Cost</b>	
At 1 June 2019	113,317
Additions	<u>86,684</u>
At 31 May 2020	<u>200,001</u>
<b>Impairment</b>	
At 1 June 2019	52,567
Impairment loss	<u>86,684</u>
At 31 May 2020	<u>139,251</u>
<b>Carrying amount at 31 May 2020</b>	<u>60,750</u>
<b>Carrying amount at 31 May 2019</b>	<u>60,750</u>
<b>LLP</b>	<b>2020 £</b>
Interests in subsidiaries	<u>1</u>
	<b>2019 £</b>
	<u>1</u>

**Interests in subsidiaries**

At 31 May 2020 the group and LLP had interests in the following subsidiaries:

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Proportion held (%)</b>	<b>Country of incorporation</b>
Birkett Long Services Limited	Services	100%	UK
Birkett Long IFA LLP	Financial Services	99%	UK

**11. Debtors**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>LLP 2020 £</b>	<b>LLP 2019 £</b>
Trade debtors	1,033,291	1,121,068	1,024,919	1,117,149
Amounts recoverable on contracts	1,177,604	1,240,360	1,177,604	1,240,360
Amounts owed by subsidiary undertakings	-	-	10,000	10,000
Prepayments and accrued income	<u>333,924</u>	<u>295,656</u>	<u>330,149</u>	<u>295,094</u>
	<u>2,544,819</u>	<u>2,657,084</u>	<u>2,542,672</u>	<u>2,662,603</u>

An impairment loss of £309,715 (2019: £217,789) was recognised against trade debtors.

**Notes to the Financial Statements  
For the year ended 31 May 2020**

**12. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>LLP</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	492,988	285,226	492,988	285,226
Trade creditors	133,501	98,667	133,501	98,667
Amounts owed to subsidiary undertakings		-	1	1
Taxation and social security	921,445	590,103	921,445	590,103
Accruals and deferred income	<u>1,192,966</u>	<u>663,337</u>	<u>1,172,646</u>	<u>650,437</u>
	<u>2,740,900</u>	<u>1,637,333</u>	<u>2,720,581</u>	<u>1,624,434</u>

Lloyds Bank plc and The Royal Bank of Scotland plc hold debentures over the assets of Birkett Long LLP.

At the year end, the amount outstanding on the overdraft held by Birkett Long LLP was £Nil (2019: Nil).

**13. Creditors: amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group and LLP</b>		
Bank loan	<u>316,567</u>	<u>416,567</u>
	<u>316,567</u>	<u>416,567</u>

**14. Borrowings**

Bank loans are repayable as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Group and LLP</b>		
Within one year	492,988	285,226
Between two and five years	<u>316,567</u>	<u>416,567</u>
	<u>809,555</u>	<u>701,793</u>

The group has two bank loans. The group has a loan with Lloyds Bank plc of £359,654 secured by a debenture (2019: Lombard £85,226). The loan is repayable over the period until 31 October 2020. The interest rate on the loan is 1.07% (2019: 1.19%). The group has a loan with The Royal Bank of Scotland plc of £449,900 secured by a debenture (2019: £616,567). The interest rate on the loan is 2.60% (2019: 3.25%).

**15. Provisions for liabilities**

	<b>Leave pay</b>
	<b>£</b>
<b>Group and LLP</b>	
At 1 June 2019	83,643
Charge for the year	<u>(3,983)</u>
At 31 May 2020	<u>79,660</u>

The leave pay provision represents annual leave balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost (including employers NIC) payable for the period of absence.

**16. Capital commitments**

The group had capital commitments for leasehold improvements of £Nil (2019: £Nil), and for other tangible fixed assets of £Nil (2019: £Nil).

## **Notes to the Financial Statements**

### **For the year ended 31 May 2020**

#### **17. Leasing commitments**

The group's future minimum operating lease payments are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	571,375	570,343
Between two and five years	2,080,541	2,249,039
More than five years	<u>3,538,167</u>	<u>3,938,885</u>

#### **18. Transactions with related parties**

In accordance with FRS 102 section 33, transactions and balances between group companies and LLP's that have been eliminated on consolidation are not disclosed.

The aggregate remuneration of the ten members of the management board (comprising nine members of the LLP and one executive appointment) is £1,135,923 (2019: seven members of the LLP and no executive appointments £1,113,714).

There are no other related party transactions during the year to 31 May 2020 to report.

The LLP does not have a parent undertaking. The ultimate controlling party of the group is considered to be the members in aggregate.

#### **19. Financial risk management**

The group has exposures to two main areas of risk - liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk. The group has no exposure to foreign exchange currency exposure.

##### **Liquidity risk**

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the maturity of the bank loans in note 14, the group is in position to meet its commitments and obligations as they come due.

##### **Customer credit exposure**

The group may offer credit terms to its customers which allow payment of the debt after delivery of the services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

##### **Interest rate risk**

The group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

#### **20. Financial assets and liabilities**

Financial assets in the group, measured at amortised cost amounted to £4,186,760 at 31 May 2020 (2019: £3,465,553), comprising trade and other debtors, amounts recoverable on contracts, cash and cash equivalents.

Financial assets in the LLP, measured at amortised cost amounted to £3,999,375 at 31 May 2020 (2019: £3,290,196), comprising trade and other debtors, amounts recoverable on contracts, amounts owed by group undertakings, cash and cash equivalents.

Financial liabilities in the group measured at amortised cost amounted to £2,215,682 at 31 May 2020 (2019: £1,547,440), comprising trade and other payables, bank loans and overdrafts, accruals and amounts payable under hire purchase.

Financial liabilities in the LLP measured at amortised cost amounted to £2,195,363 at 31 May 2020 (2019: £1,534,541), comprising trade and other payables, bank loans and overdrafts, accruals and amounts payable under hire purchase and amounts owed to group undertakings.