

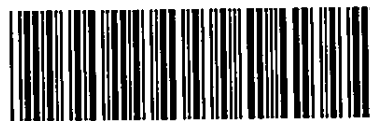
Limited Liability Partnership Registration Number OC 352 059

MORGAN COLE LLP

Report and Consolidated Financial Statements

31 March 2013

TUESDAY



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COMPANIES HOUSE

MORGAN COLE LLP

REPORT AND FINANCIAL STATEMENTS 2013

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MORGAN COLE LLP

OFFICERS AND PROFESSIONAL ADVISERS

MANAGING PARTNER

Carr E A

DESIGNATED MEMBERS

Carr E A

Griffiths N

Jardine P J (appointed 1 April 2013)

Potter B J

Stace M J

PRINCIPAL PLACE OF BUSINESS

Bradley Court

Park Place

Cardiff

CF10 3DP

BANKERS

Barclays Bank Plc

Level 7, United Kingdom House

180 Oxford Street

London

W1D 1EA

AUDITOR

Deloitte LLP

Cardiff

United Kingdom

MORGAN COLE LLP

MEMBERS' REPORT

The members present their report and the audited financial statements of the group for the year ended 31 March 2013

PRINCIPAL ACTIVITY

The principal activity of the group is the provision of legal services to clients in the UK

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A summary of the results for the year and the financial position are set out in the financial statements on pages 8 to 25

The group saw revenue and profit levels fall compared with the prior year. Revenue fell by 8% and profit before members' remuneration by 32% - or 24% after adjusting for an exceptional item. Profit per equity partner ranged from the highest of £162k to the lowest of £135k (2012 £278k to £206k)

Conditions in the domestic legal market remain challenging and the firm had a tough year. Demand in the regulatory area remained strong contrasted with lower activity levels in the public sector. Pricing pressures remain acute across all sectors and disciplines. Performance in tenders remains encouraging.

Morgan Cole's strategy of operating across a number of sectors continues to serve the group well by spreading financial risk as each sector performs differently in response to varying economic conditions.

DESIGNATED MEMBERS

The designated members of the firm, who served during the year unless stated otherwise, are as shown on page 1

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The members have reviewed the financial risk management objectives and policies of the group. The group does not as a regular policy enter into hedging instruments as there is not believed to be any material exposure. It does not enter into any speculative financial instruments. The group's activities expose it to a number of financial risks including credit risk and liquidity risk.

Credit risk

The group's principal financial assets are bank balances, trade receivables, other debtors and investments.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Appropriate trade terms are negotiated with clients and suppliers and together with client relationships are monitored and managed for any exposure on normal trade terms. The group prepares monthly forecasts of cash flow and liquidity and the requirement for additional funding is managed as part of the overall financing arrangements.

MORGAN COLE LLP

MEMBERS' REPORT (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and for future developments, the firm uses a mixture of long-term and short-term debt finance

GOING CONCERN

The group meets its day-to-day working capital requirements through an unsecured bank overdraft, short term loans and members' funds

The prevailing economic conditions create some uncertainty particularly around the demand for legal services in certain areas of the market. The group's forecasts and projections, taking account of potential changes in performance and the availability of new finance, show that the group should be able to operate within the level of its current facilities. One short-term loan is due for repayment in October 2013 and another in January 2014. The bank overdraft is subject to annual renewal in August and has been renewed for a period of 12 months. The group has a good relationship with its bankers and no matters have been drawn to its attention to suggest that the required finance will not be available on an ongoing basis on acceptable terms.

After making enquiries, the members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis for the preparation of the annual accounts.

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 the allocation of profit have been finalised.

The profits of the fixed share members are part guaranteed and part variable depending on the profit for the year. All other members participate fully in the firm's profit pool.

The capital requirements of the LLP are determined by the Board and are reviewed regularly. Each member is required to subscribe a portion of this capital. The amount of capital subscribed by each member is linked to their status and profit share arrangements. Interest is payable on capital contributions. Capital is repaid to members on cessation of membership of the firm in accordance with the terms set out in the members' agreement. During the year £151,194 (2012 - £643,163) of new capital was received and £241,450 (2012 - £528,687) was repaid to members on retirement.

SUPPLIER PAYMENT POLICY

The firm's policy is to settle terms of payment with suppliers when agreeing to the terms of each transaction, to ensure that suppliers are made aware of the terms of the payment and abide by the terms of payment.

POLITICAL AND CHARITABLE DONATIONS

During the current period the firm made charitable contributions of £4,481 (2012 - £4,623) principally to local charities serving the communities in cities where the firm has offices. No political donations were made in the current or the prior year.

MORGAN COLE LLP

MEMBERS' REPORT (continued)

EMPLOYEES

The firm places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the firm. This is achieved through formal and informal meetings.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the firm continues and that appropriate training is arranged. It is the policy of the firm that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP will be proposed at the next members' meeting.

Approved by the Board for its Members
and signed on behalf of the Board



Elizabeth Carr

Designated Member

Date 03 September 2013

MEMBERS' RESPONSIBILITIES STATEMENT

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

The Limited Liability Partnerships (Accounts & 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the group and 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 judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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 firm 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 firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN COLE LLP

We have audited the financial statements of Morgan Cole LLP for the year ended 31 March 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated and LLP Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 & 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.

Respective responsibilities of members and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 2013 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN COLE
LLP (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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 parent limited liability partnership 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.

Andrew Wright

**Andrew Wright (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom**

3 September 2013

MORGAN COLE LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 March 2013

	Note	2013 £	2012 £
REVENUE	2	33,667,515	36,607,165
Direct expenses		(18,562,990)	(19,012,541)
GROSS PROFIT		<u>15,104,525</u>	<u>17,594,624</u>
Indirect expenses property		(3,006,317)	(2,806,574)
Exceptional charge relating to property		(831,500)	-
Total indirect expenses property		<u>(3,837,817)</u>	<u>(2,806,574)</u>
Indirect expenses administration costs		(4,001,163)	(4,126,620)
Central overheads		(371,052)	(482,399)
OPERATING PROFIT	3	<u>6,894,493</u>	<u>10,179,031</u>
Interest receivable and similar income	5	85,970	60,400
Interest payable and similar charges	5	(67,784)	(96,499)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>6,912,679</u>	<u>10,142,932</u>
Members' remuneration charged as an expense	15	(2,360,746)	(2,247,460)
PROFIT FOR THE FINANCIAL YEAR FOR DISCRETIONARY DIVISION AMONG MEMBERS	15	<u>4,551,933</u>	<u>7,895,472</u>

All results relate to continuing activities

There are no recognised gains or losses in either the current or the preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is prepared.

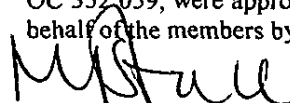
MORGAN COLE LLP

CONSOLIDATED BALANCE SHEET

At 31 March 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Intangible assets	8	430,475	529,795
Tangible assets	9	1,968,152	1,930,946
Other investments	10	46,225	47,125
		<u>2,444,852</u>	<u>2,507,866</u>
CURRENT ASSETS			
Debtors	11	16,890,586	18,611,031
Cash at bank and in hand		193,642	1,745,329
		<u>17,084,228</u>	<u>20,356,360</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(5,597,063)	(5,240,657)
NET CURRENT ASSETS		<u>11,487,165</u>	<u>15,115,703</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,932,017	17,623,569
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(250,123)	(712,101)
PROVISIONS FOR LIABILITIES	14	(1,713,820)	(1,849,639)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>11,968,074</u>	<u>15,061,829</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTORS DUE TO MEMBERS			
Members' capital classified as a liability under FRS 25	15	6,178,848	6,269,104
Other amounts	15	1,237,293	897,253
		<u>7,416,141</u>	<u>7,166,357</u>
MEMBERS' OTHER INTERESTS			
Other reserves	15	4,551,933	7,895,472
		<u>11,968,074</u>	<u>15,061,829</u>
REPRESENTED BY:			
TOTAL MEMBERS' INTERESTS			
Amounts due from members (note 11)	15	(3,416,654)	(3,002,978)
Loans and other debts due to members	15	7,416,141	7,166,357
Members' other interests	15	4,551,933	7,895,472
	15	<u>8,551,420</u>	<u>12,058,851</u>

The financial statements of Morgan Cole LLP, Limited Liability Partnership Registration number OC 352,059, were approved and authorised for issue on 03 September 2013 by the members and signed on behalf of the members by


M J Stace
Designated Member

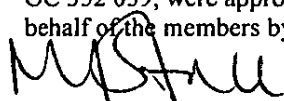

R Jardine
Designated Member

MORGAN COLE LLP

LLP BALANCE SHEET At 31 March 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Investments	10	46,225	47,125
		<u>46,225</u>	<u>47,125</u>
CURRENT ASSETS			
Debtors	11	16,813,446	18,385,658
Cash at bank and in hand		102,508	1,552,019
		16,915,954	19,937,677
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(4,280,643)	(4,206,234)
NET CURRENT ASSETS		<u>12,635,311</u>	<u>15,731,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,681,536</u>	<u>15,778,568</u>
PROVISIONS FOR LIABILITIES	14	(713,462)	(716,739)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>11,968,074</u>	<u>15,061,829</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTORS DUE TO MEMBERS			
Members' capital classified as a liability under FRS 25	15	6,178,848	6,269,104
Other amounts	15	1,237,293	897,253
		<u>7,416,141</u>	<u>7,166,357</u>
MEMBERS' OTHER INTERESTS			
Other reserves	15	4,551,933	7,895,472
		<u>11,968,074</u>	<u>15,061,829</u>
REPRESENTED BY:			
TOTAL MEMBERS' INTERESTS			
Amounts due from members (note 11)	15	(3,416,654)	(3,002,978)
Loans and other debts due to members	15	7,416,141	7,166,357
Members' other interests	15	4,551,933	7,895,472
	15	<u>8,551,420</u>	<u>12,058,851</u>

The financial statements of Morgan Cole LLP, Limited Liability Partnership Registration number OC 352 059, were approved and authorised for issue on 03 September 2013 by the members and signed on behalf of the members by



M J Stace
Designated Member



P J Jardine
Designated Member

MORGAN COLE LLP

CONSOLIDATED CASH FLOW STATEMENT **Year ended 31 March 2013**

	Note	2013 £	2012 £
Net cash inflow from operating activities	17	10,228,423	12,054,214
Returns on investments and servicing of finance	18	18,186	(36,099)
Capital expenditure and financial investment	18	(859,651)	(430,601)
Transactions with members	18	(10,420,109)	(9,123,560)
Financing	18	(518,536)	(444,282)
(Decrease) / increase in cash in the year		<u>(1,551,687)</u>	<u>2,019,672</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships". There are no differences between the profit for the financial year before members' remuneration and profit shares and the profit available for division among the members and their historical cost equivalents.

Basis of preparation

The financial statements consolidate the results of Morgan Cole LLP and all its subsidiary undertakings, drawn up to 31 March each year. No profit and loss account is presented for Morgan Cole LLP, as permitted by Section 408 of the Companies Act 2006.

Going concern

The firm's business activities, together with a review of business, are set out in the business review on page 2. The members' report describes the financial position of the firm, its cash flows, liquidity position and borrowing facilities, the firm's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to liquidity and credit risk.

As highlighted in note 12 to the financial statements, the group meets its day-to-day working capital requirements through an unsecured bank overdraft, short term loans and members' funds.

The prevailing economic conditions create some uncertainty particularly around the demand for legal services in certain areas of the market. The group's forecasts and projections, taking account of potential changes in performance and the availability of new finance, show that the group should be able to operate within the level of its current facilities. One short-term loan is due for repayment in October 2013 and another in January 2014. The bank overdraft is subject to annual renewal in August and has been renewed for a period of 12 months. The group has a good relationship with its bankers and no matters have been drawn to its attention to suggest that the required finance will not be available on an ongoing basis on acceptable terms.

After making enquiries, the members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis for the preparation of the annual accounts.

Fee income and revenue recognition

Fee income represents the fair value of legal services provided during the period on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided and expenses incurred. Fee income is stated net of Value Added Tax.

Legal services provided to clients during the period which, at the balance sheet date, have not been invoiced to clients have been recognised as fee income in accordance with Financial Reporting Standard 5 "Reporting the substance of transactions", Application Note G "Revenue recognition" and the Urgent Issues Task Force Abstract 40 "Revenue recognition and service contracts". Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the firm.

Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs. Unbilled fee income is included as amounts recoverable under contracts with debtors.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

1. ACCOUNTING POLICIES (continued)

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the periods of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Provisions

Provision is made for the best estimate of expected losses from onerous contracts, in particular on surplus property which is sublet and vacant.

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned in their original state prior to the conclusion of the lease term.

Substantial insurance cover in respect of professional negligence claims is carried. Both the primary layer of cover and top-up cover are written through the commercial insurance market. The provision for claims represents the estimated costs to Morgan Cole LLP of defending and settling claims where a liability is considered by the members to be probable.

Staff pensions

Morgan Cole LLP operates a defined contribution pension scheme.

The scheme is accounted for under UK Financial Reporting Standard 17 "Retirement Benefits" (FRS17). The amount charged to the profit and loss account for the scheme is the amount payable for the period according to the scheme rules.

2. SEGMENTAL ANALYSIS

The members consider the business to have only one operating segment and therefore no further disclosure has been made.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

3. OPERATING PROFIT

	2013	2012
	£	£
This is stated after charging		
Depreciation charge for the period		
Owned assets	514,126	622,088
Leased assets	380,711	193,894
Amortisation of intangibles – leased assets	99,320	66,122
Operating lease rentals		
Plant and machinery	-	-
Other	1,708,795	1,995,250
Auditor's remuneration		
Fees payable for audit services	31,000	32,000
Fees payable for tax services	56,500	56,500
Fees payable for services in respect of the Solicitors'		
Accounts Rules	20,000	21,500
Fees payable for other services	-	77,000
Loss on disposal of fixed assets	23,762	11,629
Amortisation charge relating to investments	900	900

Property costs include £831,500 (2012 £nil) in respect of an exceptional property charge arising from continuing operations

4. STAFF AND STAFF COSTS

Group

The average number of employees during the period, excluding members, was as follows

	2013	2012
	No.	No.
Client service staff	385	404
Support staff	94	98

The aggregate payroll costs of the employed staff, excluding members, were as follows

	2013	2012
	£	£
Salaries	13,360,927	13,501,882
Social security costs	1,373,515	1,371,691
Other pension costs	934,789	951,958
	<u>15,669,230</u>	<u>15,825,531</u>

At 31 March 2013 the sum of £86,027 (2012 £86,964) was owed to the scheme in respect of employer's pension contributions

MORGAN COLE LLP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2013

5. INTEREST

	2013 £	2012 £
Interest receivable and similar income	85,970	60,400
Interest payable on Bank loans and overdrafts	(29,876)	(56,683)
Finance leases	(37,908)	(39,816)
Interest payable and similar charges	(67,784)	(96,499)

6. MEMBERS' SHARE OF PROFITS

Profits are shared among the members in accordance with agreed profit-sharing arrangements after the financial statements have been approved by the members

	2013 No.	2012 No.
Average number of members in the year	52	52
	£'000	£'000
Profit which is attributable to the member with the largest entitlement to profit	162	278

7. TAXATION

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP as the relevant tax is the responsibility of individual members

	2013 £	2012 £
Profit on ordinary activities before taxation	6,912,679	10,142,932
Less Amounts subject to personal tax	(6,912,679)	(10,142,932)
Amounts subject to corporate taxation	-	-
UK corporation tax of 24% (2012 26%) <i>Factors affecting the charge for the year</i>		
Transfer pricing adjustment arising in subsidiary	385,628	388,445
Compensation payment due from LLP members (note 15)	(385,628)	(388,445)
	-	-

The forthcoming changes in the corporation tax rate from 24% to 23% in future years will not materially affect the future tax charge

A deferred tax asset amounting to £107k relating to timing differences between capital allowances and depreciation expense has not been recognised because, in the opinion of the directors, there is insufficient certainty around future recoverability

MORGAN COLE LLP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2013

8. INTANGIBLE FIXED ASSETS

Group	Software licences £
Cost	
At 1 April 2012 and 31 March 2013	595,917
Accumulated depreciation	
At 1 April 2012	66,122
Charge for the year	99,320
At 31 March 2013	165,442
Net book value	
At 31 March 2013	430,475
At 31 March 2012	529,795

The net book value of assets held under finance leases and capitalised in intangible assets is £430,475 (2012 £829,695)

9. TANGIBLE FIXED ASSETS

Group

	Leasehold Improve- ments £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2012	561,635	754,463	5,624,815	6,940,913
Additions	425,448	99,414	431,539	956,401
Disposals	(379,886)	(299,260)	(236,478)	(915,624)
At 31 March 2013	607,197	554,617	5,819,876	6,981,690
Accumulated depreciation				
At 1 April 2012	439,719	595,427	3,974,821	5,009,967
Charge for the year	125,731	76,285	692,821	894,837
Eliminated on disposal	(364,151)	(292,674)	(234,441)	(891,266)
At 31 March 2013	201,299	379,038	4,433,201	5,013,538
Net book value				
At 31 March 2013	405,898	175,579	1,386,675	1,968,152
At 31 March 2012	121,916	159,036	1,649,994	1,930,946

The net book value of assets held under finance leases and capitalised in tangible assets is £380,712 (2012 £490,839)

MORGAN COLE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

10. FIXED ASSET INVESTMENTS

Group and LLP

	2013 £	2012 £
WRU debentures	3,225	4,125
Other debentures – at cost	3,000	3,000
	<u>6,225</u>	<u>7,125</u>
40,000 £1 non-voting redeemable preference shares, series SM1, in Leeward Insurance Company - at cost	40,000	40,000
	<u>46,225</u>	<u>47,125</u>

The WRU debentures are recorded at a cost of £22,500 less accumulated amortisation of £19,275 (2012 £18,375)

The firm has investments in the following subsidiary undertakings

Subsidiary undertaking	Country of incorporation	Holding	%	Principal activity
MC Consulting Limited	England and Wales	£2 Ordinary	100	Dormant
Morgan Cole Services Limited	England and Wales	£2 Ordinary	100	Provision of services

11. DEBTORS

Group	2013 £	2012 £
Trade debtors	8,751,453	9,131,276
Amounts recoverable under contracts	3,305,635	5,090,526
Amounts due from members (note 15)	3,416,654	3,002,978
Other debtors	140,509	92,081
Prepayments	1,276,335	1,294,170
	<u>16,890,586</u>	<u>18,611,031</u>
LLP	2013 £	2012 £
Trade debtors	8,745,925	9,127,032
Amounts recoverable under contracts	3,305,635	5,090,526
Amounts owed by group undertakings	904,143	652,272
Amounts due from members (note 15)	3,416,654	3,002,978
Other debtors	14,650	24,542
Prepayments	426,439	488,308
	<u>16,813,446</u>	<u>18,385,658</u>

MORGAN COLE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Group		
Bank loans and overdraft (note 13)	419,956	418,743
Obligations under finance leases and hire purchase contracts (note 13)	407,690	369,306
Trade creditors	128,134	296,097
Corporation tax	140,628	-
Other taxes and social security	1,432,049	1,855,481
Other creditors	1,260,216	1,240,610
Accruals and deferred income	1,808,390	1,060,420
	<u>5,597,063</u>	<u>5,240,657</u>
	£	£
LLP		
Bank loans and overdraft (note 13)	300,786	307,010
Trade creditors	11,545	33,230
Amounts owed to group undertakings	632,857	1,104,585
Corporation tax	140,628	-
Other taxes and social security	958,696	1,392,242
Other creditors	1,019,033	1,072,365
Accruals and deferred income	1,217,098	296,802
	<u>4,280,643</u>	<u>4,206,234</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Group		
Bank loans	28,086	147,255
Obligations under finance leases and hire purchase contracts	222,037	564,846
	<u>250,123</u>	<u>712,101</u>
Bank loans and overdrafts	£	£
Amounts falling due		
Within one year or on demand	419,956	418,743
Between one and two years	28,086	145,064
Between two and five years	-	2,191
	<u>448,042</u>	<u>565,998</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loans are unsecured and attract different rates of interest. Loans with a year-end value of £132,726 (2012: £238,810) attract interest at the applicable bank base rate plus 2%. Loans with a year-end value of £300,786 (2012: £307,010) attract a fixed interest rate of 1.3%. Loans with a year-end value of £14,530 (2012: £20,178) attract a fixed interest rate of 12%.

The bank overdraft is unsecured and attracts interest at the applicable bank base rate plus 2.1% (2012: 1.9%).

Finance leases

	2013 £	2012 £
Amounts falling due in one year or less	407,690	369,306
Between one and two years	222,037	375,638
Between two and five years	-	189,208
	<u>629,727</u>	<u>934,152</u>

The finance leases are secured against the assets to which they relate and are repayable at fixed rates. The interest rates which are applicable to the leases range from 3.08% to 16.94% for both the current year and previous years.

Bank loans and overdrafts

	£	£
Amounts falling due		
Within one year or on demand	300,786	307,010
	<u>300,786</u>	<u>307,010</u>

The bank overdraft is unsecured and attracts interest at the applicable bank base rate plus 2.1% (2012: 1.9%).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013

14. PROVISIONS FOR LIABILITIES

	Provision for dilap- idations £	Provision for claims £	Total £
Group			
At 1 April 2012	1,132,900	716,739	1,849,639
Charge for the year	342,333	323,500	665,833
Released unused	(299,875)	(81,099)	(380,974)
Provision utilised 245678	(175,000)	(245,678)	(420,678)
At 31 March 2013	<u>1,000,358</u>	<u>713,462</u>	<u>1,713,820</u>

The provision for dilapidations relates to the estimated costs to the firm of restoring properties to their original state as at the balance sheet date in accordance with the terms of the related leases

The provision for claims represents the aggregate estimated policy excesses that may become payable as a result of a claim against the firm. The settlement for the claims provisions is expected to be within the next 24 months and the settlement for dilapidations costs will be upon exit of the current property leases

	Provision for claims £
LLP	
At 1 April 2012	716,739
Charge for the year	323,500
Provision utilised	(326,777)
At 31 March 2013	<u>713,462</u>

The provision for claims represents the aggregate estimated policy excesses that may become payable as a result of a claim against the firm. The settlement for the claims provisions is expected to be within the next 24 months

MORGAN COLE LLP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2013

15. MEMBERS' INTERESTS

Group and LLP

	Members' capital (classified as a liability) £	Other amounts due to/(from) members £	Total loans and other debts due to/(from) members £	Members' other interests £	Total members' interests £
Amounts due to members as at 1 April 2012	6,269,104	897,253	7,166,357	7,895,472	15,061,829
Amounts due from members as at 1 April 2012	-	(3,002,978)	(3,002,978)	-	(3,002,978)
Members' interests as at 1 April 2012	6,269,104	(2,105,725)	4,163,379	7,895,472	12,058,851
Profit for the financial year for discretionary division amongst members	-	-	-	4,551,933	4,551,933
Members' remuneration charged as an expense	-	2,360,746	2,360,746	-	2,360,746
	6,269,104	255,021	6,524,125	12,447,405	18,971,530
Allocation of prior year profit	-	7,895,472	7,895,472	(7,895,472)	-
Drawings	-	(10,322,415)	(10,322,415)	-	(10,322,415)
Capital withdrawn	(241,450)	(7,439)	(248,889)	-	(248,889)
Capital introduced	151,194	-	151,194	-	151,194
Corporation tax charge	-	385,628	385,628	-	385,628
Compensation payable to subsidiary undertaking for corporation tax liabilities	-	(385,628)	(385,628)	-	(385,628)
Members' interests as at 31 March 2013	6,178,848	(2,179,361)	3,999,487	4,551,933	8,551,420
Amounts due to members	6,178,848	1,237,293	7,416,141	4,551,933	11,968,074
Amounts due from members	-	(3,416,654)	(3,416,654)	-	(3,416,654)
	6,178,848	(2,179,361)	3,999,487	4,551,933	8,551,420

The members' agreement sets out the requirement for capital from designated members and other members. The amount per member is assessed annually with any changes usually being effective from 1 April. Capital is repaid to members upon cessation of membership of the Limited Liability Partnership in accordance with the terms set out in the members' agreement and is therefore presented above in the amounts due to members.

The members vote to approve the division of profit accrued after the balance sheet date. As a result, the balance of profit available for distribution amongst the members as at 31 March 2013 is included in members' other interests.

Drawings by members on account of profits for the year have been included within amounts due to/from other members. In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors, members' other interests rank after unsecured creditors.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

16. OPERATING LEASE COMMITMENTS

Group

At 31 March the group had annual commitments under non-cancellable operating leases expiring as follows

	2013		2012	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	206,911	28,887	315,398	6,830
Between two and five years inclusive	1,340,507	80,095	405,000	89,641
Over five years	-	52,395	1,116,090	62,382
	<u>1,547,418</u>	<u>161,377</u>	<u>1,836,488</u>	<u>158,853</u>

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2013	2012
	£	£
Operating profit	6,894,493	10,179,031
Depreciation charge	894,837	815,982
Amortisation of intangibles	99,320	66,122
Amortisation of investments	900	900
Loss on sale of fixed assets	23,762	11,628
Decrease/(increase) in amounts recoverable under contracts	1,784,891	(250,024)
Decrease in debtors	349,230	110,116
Increase in creditors	316,809	936,077
(Decrease)/increase in provisions	(135,819)	184,382
Net cash inflow from operating activities	<u>10,228,423</u>	<u>12,054,214</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

18. ANALYSIS OF CASH FLOWS

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(67,784)	(96,499)
Interest received	85,970	60,400
	<u>18,186</u>	<u>(36,099)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(860,247)	(430,601)
Sale of tangible fixed assets	596	-
	<u>(859,651)</u>	<u>(430,601)</u>
Transactions with members		
Drawings and distributions	(10,322,414)	(8,653,628)
Capital contributions by members	151,194	58,755
Capital repayments to members	(248,889)	(528,687)
	<u>(10,420,109)</u>	<u>(9,123,560)</u>
Financing		
Repayment of bank loans	(715,810)	(733,330)
Receipt of new loans	597,854	633,306
Capital element of finance leases repaid	(400,580)	(344,258)
	<u>518,536</u>	<u>(444,282)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT) / FUNDS

	2013 £	2012 £
(Decrease) / increase in cash in the year	(1,551,687)	2,019,672
Cash flows from change in debt and lease financing	518,536	444,282
New finance leases	(96,154)	(880,420)
	<u>(1,129,305)</u>	<u>1,583,534</u>
Movement in net funds in the year		
Net funds / (debt) at 1 April 2012	245,181	(1,338,353)
Net (debt) / funds at 31 March 2013	<u>(884,124)</u>	<u>245,181</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

20. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 April 2012 £	Cash flow £	Non-cash movement £	At 31 March 2013 £
Cash at bank	1,745,329	(1,551,687)	-	193,642
	<u>1,745,329</u>	<u>(1,551,687)</u>	<u>-</u>	<u>193,642</u>
Bank and other loans due within one year	(418,741)	117,955	(119,170)	(419,956)
Bank and other loans due after one year	(147,255)	-	119,170	(28,085)
Finance leases due within one year	(369,306)	400,580	(438,963)	(407,689)
Finance leases due after one year	(564,846)	-	342,810	(222,036)
	<u></u>	<u></u>	<u></u>	<u></u>
Net funds/(debt) before loans and other debts to members	245,181	(1,033,152)	(96,153)	(884,124)
Loans and other debts due to members	(7,166,366)	4,642,711	(4,892,486)	(7,416,141)
Less amounts due from members	3,002,978	5,777,401	(5,365,724)	3,416,655
	<u></u>	<u></u>	<u></u>	<u></u>
Net debt including loans and other debts due to members less amounts due from members	(3,918,207)	9,386,960	(10,352,363)	(4,883,610)
	<u></u>	<u></u>	<u></u>	<u></u>

21. CONTROLLING PARTIES

In the opinion of the members, there is no controlling party as defined by Financial Reporting Standard 8 "Related party disclosures"