BLAKE MORGAN GROUP LLP

Limited Liability Partnership Registration Number OC 392 099

BLAKE MORGAN GROUP LLP

Report and Consolidated Financial Statements

Year ended 30 April 2023

BLAKE MORGAN GROUP LLP

Limited Liability Partnership Registration Number OC 392 099

REPORT AND FINANCIAL STATEMENTS 2023

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BLAKE MORGAN GROUP LLP

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OFFICERS AND PROFESSIONAL ADVISERS

MANAGING PARTNER

Wilson M V

DESIGNATED MEMBERS

Miah S
Shimmin K
Wilson M V
Wade R

REGISTERED OFFICE

New Kings Court Tollgate
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Hampshire
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BANKER

HSBC UK Bank Plc
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AUDITOR

KPMG LLP
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

MANAGING PARTNER'S REVIEW

The 2022-23 financial year delivered another solid performance despite the continuing macro-economic uncertainty.

I am pleased with the success in continuing to improve net profit margins. Looking to the future, profitable growth continues to be one of the Board's key objectives.

Blake Morgan is, at its heart, a people business. Retaining and recruiting talented individuals is essential to support this growth. We are continuing to invest in our people through internal promotions, as well as targeted lateral hires. The firm will continue to consolidate its market position and focus on exceeding client expectations. Blake Morgan has previously undertaken a rapid programme of expansion through mergers - further mergers and similar opportunities are always being actively explored. However, client service, profitable growth and consolidation will continue to be at the heart of what we do.

The firm also recognises the need to be both agile and entrepreneurial in its outlook in order to grow. Our strategic programme of change to deliver the systems and structures we need to support this growth will continue for the foreseeable future.

As part of this, we are capitalising on opportunities arising from new ways of working. We have been able to accelerate our planned review of our office space, to ensure that we have the space we need, and are able to use it efficiently. Going forwards, a blend of remote and office working, supported by our Smart Working policy, will enable our colleagues to be flexible about where they work. This will be facilitated by our focus on continuous improvement in particular in relation to IT systems. This change to our working practices supports our commitment to reducing our carbon footprint by reducing travel and moving to paper light working.

Whilst there is no place for complacency, the people who make Blake Morgan the firm that we are will continue to face the future positively, enthusiastically and with confidence.

Michael Wilson
14 December 2023

MEMBERS' REPORT

The members of Blake Morgan Group LLP present their report and the audited financial statements of the LLP for the year ended 30 April 2023.

PRINCIPAL ACTIVITY

These financial statements are of Blake Morgan Group LLP ("the LLP") and its subsidiary undertakings (together collectively "the Group"). The principal activity of the LLP is as a holding company. The principal activity of the consolidated group is the provision of legal services to clients.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The members do not anticipate any significant change in the short to medium term.

A summary of the results for the year and the financial position of the group are set out in the Managing Partner Review on page 2 and the financial statements on pages 13 to 49.

DESIGNATED MEMBERS

The designated members of the firm, who served throughout the year and subsequently, unless stated otherwise, are as shown on page 1. A list of members that were active during the year are available at Companies House.

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.

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 continued to trade profitability in the year with a profit before tax of £17.8m (2022: £17.2m). The group continues to maintain a strong net current asset position of £33.1m (2022: £30.6m) including cash of £1.2m, £4.8m term loan and no usage of the £8m Revolving Credit Facility (RCF) at year end. The Board has a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

MEMBERS' REPORT (CONTINUED)

GOING CONCERN (continued)

The group meets its day-to-day working capital requirements through a revolving credit facility, term loans and members' funds.

The group's forecast and projections have been prepared for the period to April 2025. The group is forecast to operate within the level of its available facilities. A new three year bank facilities agreement was signed in December 2022. The bank facilities are subject to a number of covenants which are tested regularly with no breaches identified or waivers requested. 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 on-going 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 at least 12 months from the signing of the financial statements and accordingly they 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 level of monthly drawings is set at the start of the year and further distributions are made once the results for the prior year and the allocation of profit have been finalised.

The tax payable on a member's profit allocation is the personal liability of the member. However, an amount equivalent to tax is retained which is then paid to the tax authorities on behalf of members as and when the liability falls due.

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 £0.8m (2022: £0.8m) of new capital was received and £1.0m (2022: £1.0m) was repaid to members.

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 year the group made charitable contributions of £8,000 (2022: £5,000) principally to local charities serving the communities in cities where the firm has offices. No political donations were made in the current year and prior year.

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 group. 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 group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

AUDITOR

In the case of each of the persons who are designated members of the group at the date when this report is approved:

- so far as each of the designated members are aware, there is no relevant audit information of which the group's auditor is unaware; and
- each of the designated members has taken all the steps that they ought to have taken as a designated member to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint KPMG LLP will be proposed at the next Management Board meeting.

APPROVAL OF REDUCED DISCLOSURES

Blake Morgan Group LLP, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The LLP's members have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Blake Morgan Group LLP also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the LLP by its members.

Approved by the members of the Board and signed on behalf of the Board.

Michael Wilson
Designated Member
Date 14 December 2023

BLAKE MORGAN GROUP LLP

Limited Liability Partnership Registration Number OC 392 099

STREAMLINED ENERGY AND CARBON REPORT

The members present their Streamlined Energy and Carbon Report (SECR) for the year ended 30 April 2023 in respect of the consolidated operations of the LLP and its subsidiaries.

Members
The designated members during the year and to the date of this report are shown in the members report. A full list of the LLPs members can be obtained from our Annual Return filed at Companies House.

Metrics
The LLP has chosen to adopt the intensity ratio of CO2 per £1m turnover, which we consider to be appropriate for a professional services firm.

Environmental performance
CHG emissions and energy use data for the period 1 May 2022 to 30 April 2023.

GHG emissions and energy use for 1st May 2022 to 30th April 2023

Mandatory Requirement		Current Reporting Year 2022 - 2023	Current Reporting Year 2021 - 2022
A	UK and offshore energy consumption used to calculate emissions (kWh)	1,966,847	2,049,545
B	UK and offshore Scope 1 emissions from combustion of gas (tCO2e)	111	100
C	UK and offshore Scope 1 emissions from combustion of fuel for transport (tCO2e)	0	0
D	UK and offshore Scope 2 emissions from purchased electricity (tCO2e)	246	275
E	UK and offshore Scope 3 emissions from business travel in rental/employee-owned vehicles (tCO2e)	47	22
B+C+D+E	Total gross emissions (tCO2e)	404	397
F	Intensity ratio (gross Scope 1 and 2 emissions (tCO2e) per £1m T/O	5.9	6.1

STREAMLINED ENERGY AND CARBON REPORT (CONTINUED)

Methodology used
Data has been collected and calculated based on method used for ESOS and CRC reporting and through guidance provided by CIBSE and EMA.

Energy efficiency actions taken
The firm has a smart working policy, with a flexible approach to staff working in the office or at home. This reduces travel time and related cost, with the ability to also attend meeting via Teams instead of travelling to the office or external meeting.
In Southampton office, lighting in the ground floor library area has been upgraded to LED. Also additional bike racks have been introduced.

COMPLIANCE DECLARATION

Blake Morgan Group LLP – Members' statement

The members confirm that SOCOTEC have completed this SECR Energy and Carbon Report on behalf of Blake Morgan Group LLP. The members can also confirm that:

- We are satisfied, to the best of my knowledge, that Blake Morgan Group LLP is within the scope of the SECR reporting scheme
- We are satisfied, to the best of my knowledge, that Blake Morgan Group LLP is compliant with the SECR reporting scheme
- We are satisfied, to the best of my knowledge, that the information provided in this organisation's notification are correct

This Streamlined Energy and Carbon Report was approved on behalf of the LLP's members (a list of the LLPs members can be obtained from our Annual Return filed at Companies House) and was approved on their behalf by:

Kath Shimmin
Chair
Blake Morgan Group LLP

Signature:

Date: 14 December 2023

STATEMENT OF MEMBERS' RESPONSIBILITIES IN RESPECT OF THE MANAGING PARTNER'S REVIEW, THE MEMBERS' REPORT AND THE FINANCIAL STATEMENTS

The members are responsible for preparing the Managing Partner's Review, the Members' Report, the energy and carbon report and the group and LLP 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 group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAKE MORGAN GROUP LLP

Opinion

We have audited the financial statements of Blake Morgan Group LLP ("the LLP") for the year ended 30 April 2023 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the limited liability partnership balance sheet, the consolidated statement of changes in members' interests, the limited liability partnership statement of changes in members' interests, the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the LLP as at 30 April 2023 and of the profit of the group for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Going concern

The members have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the LLP or to cease their operations, and as they have concluded that the Group and the LLP's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and LLP's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the members' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the LLP's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the LLP will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAKE MORGAN GROUP LLP (CONTINUED)

Our risk assessment procedures included:

- Enquiring of senior management as to the group's high-level policies and procedures to prevent and detect fraud, including the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- The risk that management may be in a position to make inappropriate accounting entries; and
- The risk that revenue is overstated through the recognition of revenue that does not exist, either through billings in the final weeks of the year or amounts billed to clients at year end.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for the LLP and its trading components based on risk criteria and comparing the identified entries to supporting documentation. These included entries being posted to revenue and cash with an unexpected opposing entry.
- For the trading components of the group, obtaining evidence to support the existence and associated fee arrangement for a sample of matters for which unbilled amounts were held as at the year end and selecting a sample of invoices raised in the final weeks of the year and obtaining evidence that hours had been worked on these matters prior to the year end.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the members and other senior management (as required by auditing standards), and discussed with the members and other senior management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation as applied to LLPs) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAKE MORGAN GROUP LLP (CONTINUED)

limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the members and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP'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.

We have nothing to report in these respects.

Members' responsibilities

As explained more fully in their statement set out on page 8, the members are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the LLP or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLAKE MORGAN GROUP LLP (CONTINUED)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Matt Britton.

Matthew Britton (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 15 December 2023

BLAKE MORGAN GROUP LLP
Limited Liability Partnership Registration Number OC 392 099

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR TO 30 April 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	60,714	60,798
Direct expenses		(29,977)	(30,062)
Gross profit		30,737	30,736
Other operating expenses		(14,201)	(13,413)
Other operating income		1,581	-
Operating profit, being profit before finance expenses	5	18,117	17,323
Finance costs (net)	4	(342)	(101)
Profit for the financial year before members' remuneration and profit shares		17,775	17,222
Members' remuneration charged as an expense		-	-
Profit for the financial year available for discretionary division among members		17,775	17,222

All results derive from acquired and continuing operations.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 30 April 2023

	Notes	2023 £'000	2022 £'000
Profit for the financial year available for discretionary division among members		17,775	17,222
Actuarial (loss)/gain relating to the pension scheme	20	(241)	10
Restriction on pension surplus	20	(249)	(547)
Total comprehensive income		17,285	16,685

CONSOLIDATED BALANCE SHEET
AS AT 30 April 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	10	1,347	1,552
Tangible assets	11	4,521	4,060
Investments	12	6	6
		5,874	5,618
Current assets			
Debtors	13	41,735	43,660
Cash at bank and in hand		1,198	224
		42,933	43,884
Creditors: Amounts falling due within one year	14	(9,864)	(13,291)
Net current assets		33,069	30,593
Total assets less current liabilities		38,943	36,211
Creditors: Amounts falling due after more than one year	15	(5,930)	(1,904)
Provisions for liabilities	16	(2,377)	(2,608)
Net assets attributable to members		30,636	31,699
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		15,832	16,958
Members' other interests			
Other reserves		14,804	14,741
		30,636	31,699
Total members' interests memorandum			
Amounts due from members	13	(8,751)	(9,080)
Loans and other debts due to members		15,832	16,958
Members' other interests		14,804	14,741
		21,885	22,619

The accompanying notes form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 April 2023

The financial statements of Blake Morgan Group LLP (registered number OC 392 099) were approved by the Board for its members and authorised for issue on 14 December **2023**. They were signed on the members' behalf by:

Michael Wilson
Designated Member
Managing Partner

Kath Shimmin
Designated Member
Chair

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET
AS AT 30 April 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	10	793	1,016
Tangible assets	11	287	321
Investments	12	-	-
		1,080	1,337
Current assets			
Debtors	13	38,077	37,380
Cash at bank and in hand		43	149
		38,120	37,529
Creditors: Amounts falling due within one year	14	(16,906)	(4,912)
Net current assets		21,214	32,617
Total assets less current liabilities		22,294	33,954
Creditors : amounts falling due after more than one year	15	-	(293)
Net assets attributable to members		22,294	33,661
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		4,566	16,958
Members' other interests			
Other reserves		17,728	16,703
		22,294	33,661
Total members' interests memorandum			
Amounts due from members	13	(36,622)	(36,319)
Loans and other debts due to members		4,566	16,958
Members' other interests		17,728	16,703
		(14,328)	(2,658)

The financial statements of Blake Morgan Group LLP (registered number OC 392 099) were approved by the members and authorised for issue on 14 December **2023**. They were signed on the members' behalf by:

Michael Wilson
Designated Member
Managing Partner

Kath Shimmin
Designated Member
Chair

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS AS AT 30 April 2023

	Loans and other debts due to members			Members' other interests	Total members' interests
	Members' capital	Other amounts	Subtotal	Other reserves	
	£000	£000	£000	£000	£000
Balance at 1 May 2022	16,958	(9,080)	7,878	14,741	22,619
Profit for the financial year available for discretionary division among members	-	-	-	17,775	17,775
Members' interests after profit for the year	16,958	(9,080)	7,878	32,516	40,394
Allocated profits in respect of prior year	-	17,222	17,222	(17,222)	-
Introduced by members	589	-	589	-	589
Repayments of capital	(1,215)	-	(1,215)	-	(1,215)
Drawings	-	(16,585)	(16,585)	-	(16,585)
Retired partners' capital moved to creditors	(500)	(308)	(808)	-	(808)
Actuarial loss on pension scheme	-	-	-	(241)	(241)
Restriction on pension surplus	-	-	-	(249)	(249)
Amounts due to members	15,832	-	15,832	14,804	30,636
Amounts due from members	-	(8,751)	(8,751)	-	(8,751)
Balance at 30 April 2023	15,832	(8,751)	7,081	14,804	21,885

Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS AS AT 30 APRIL 2022

	Loans and other debts due to members			Members' other interests	Total members' interests
	Members' capital	Other amounts	Subtotal	Other reserves	
	£000	£000	£000	£000	£000
Balance at 1 May 2021	17,758	(6,895)	10,863	14,685	25,548
Profit for the financial year available for discretionary division among members	-	-	-	17,222	17,222
Members' interests after profit for the year	17,758	(6,895)	10,863	31,907	42,770
Allocated profits in respect of prior year	-	16,629	16,629	(16,629)	-
Introduced by members	813	-	813	-	813
Repayments of capital	(1,013)	-	(1,013)	-	(1,013)
Drawings	-	(18,648)	(18,648)	-	(18,648)
Retired partners' capital moved to creditors	(600)	(166)	(766)	-	(766)
Actuarial gain on pension scheme	-	-	-	10	10
Restriction on pension surplus	-	-	-	(547)	(547)
Amounts due to members	16,958	-	16,958	14,741	31,699
Amounts due from members	-	(9,080)	(9,080)	-	(9,080)
Balance at 30 April 2022	16,958	(9,080)	7,878	14,741	22,619

Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

LIMITED LIABILITY PARTNERSHIP STATEMENT OF CHANGES IN MEMBERS' INTERESTS AS AT 30 April 2023

	Loans and other debts due to members			Members' other interests	Total members' interests
	Members' capital	Other amounts	Subtotal	Other reserves	
	£000	£000	£000	£000	£000
Balance at 1 May 2022	16,958	(36,319)	(19,361)	16,703	(2,658)
Profit for the financial year available for discretionary division among members	-	-	-	17,730	17,730
Members' interests after profit for the year	16,958	(36,319)	(19,361)	34,433	15,072
Allocated profits in respect of the prior year	-	16,705	16,705	(16,705)	-
Introduced by members	589	-	589	-	589
Repayments of capital	(12,881)	-	(12,881)	-	(12,881)
Drawings	-	(16,815)	(16,815)	-	(16,815)
Retired partners' capital moved to creditors	(100)	(308)	(408)	-	(408)
Other movements	-	115	115	-	115
Amounts due to members	4,566	-	4,566	17,728	22,294
Amounts due from members	-	(36,622)	(36,622)	-	(36,622)
Balance at 30 April 2023	4,566	(36,622)	(32,056)	17,728	(14,328)

Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

LIMITED LIABILITY PARTNERSHIP STATEMENT OF CHANGES IN MEMBERS' INTERESTS AS AT 30 April 2022

	Loans and other debts due to members			Members' other interests	Total members' interests
	Members' capital	**Other amounts**	**Subtotal**	**Other reserves**	
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 May 2021	17,758	(35,461)	(17,703)	17,954	251
Profit for the financial year available for discretionary division among members	-	-	-	16,705	16,705
Members' interests after profit for the year	17,758	(35,461)	(17,703)	34,659	16,956
Allocated profits in respect of the prior year	-	17,956	17,956	(17,956)	-
Introduced by members	813	-	813	-	813
Repayments of capital	(1,013)	-	(1,013)	-	(1,013)
Drawings	-	(18,648)	(18,648)	-	(18,648)
Retired partners' capital moved to creditors	(600)	(166)	(766)	-	(766)
Amounts due to members	16,958	-	16,958	16,703	33,661
Amounts due from members	-	(36,319)	(36,319)	-	(36,319)
Balance at 30 April 2022	16,958	(36,319)	(19,361)	16,703	(2,658)

Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

CONSOLIDATED CASH FLOW STATEMENT
AS AT 30 April 2023

	Notes	2023 £'000	2022 £'000
Net cash generated from operating activities	17	4,168	(1,378)
Cash flows from investing activities			
Payments to acquire intangible fixed assets		(149)	(103)
Proceeds from sale of tangible fixed assets		-	-
Payments to acquire tangible fixed assets		(1,716)	(779)
Net cash from investing activities		(1,865)	(882)
Cash flows from financing activities			
Interest received	4	-	110
Capital introduced by members		589	813
Repayment of capital to members		(1,215)	(1,013)
New loans drawn		2,000	2,000
Repayment of loans		(2,372)	(500)
New finance leases		11	233
Repayment of capital element of finance lease and hire purchase contracts		(342)	(363)
Net cash used in financing activities		(1,329)	1,280
Increase/(decrease) in cash and cash equivalents in the year		974	(980)
Cash and cash equivalents at beginning of year		224	1,204
Cash and cash equivalents at end of year		1,198	224
Reconciliation to cash and cash equivalents			
Cash at bank and in hand		1,198	224
Bank overdraft	14	-	-
Cash and cash equivalents		1,198	224

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023

1. Accounting Policies

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

a. General information and Basis of Accounting

Blake Morgan Group LLP is a limited liability partnership registered in the United Kingdom under the Limited Liability Partnerships Act 2000. The address of the registered office is given on page 1. The nature of the limited liability partnership's operations and its principal activities are set out in the Members' report on pages 3 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' ("the LLP SORP").

The functional currency of Blake Morgan Group LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. The financial statements are also presented in pounds sterling.

Blake Morgan Group LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to:

- the preparation of a standalone statement of cash flows;
- financial instruments; and
- remuneration of key management personnel.

b. Basis of Consolidation

The group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated from or to the date on which control passed.

Business combinations are accounted for under the acquisition method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going Concern

The LLP's business activities, together with a review of the business, are set out in the business review on page 3.

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.

The group continued to trade profitability in the year with a profit before tax of £17.8m (2022: £17.2m). The group continues to maintain a strong net current asset position of £33.1m (2022: £30.6m) including cash of £1.2m, £4.8m term loan and no usage of the £8m Revolving Credit Facility (RCF) at year end. The Board has a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the annual financial statements.

The group meets its day-to-day working capital requirements through a revolving credit facility, term loans and members' funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

1. Accounting Policies (continued)

c. Going Concern (continued)

The group's forecast and projections have been prepared for the period to April 2025. The group is forecast to operate within the level of its available facilities. A new three year bank facility agreement was signed in December 2022. The bank facilities are subject to a number of covenants which are tested regularly with no breaches identified or waivers requested. 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 on-going 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 at least 12 months from the signing of the financial statements and accordingly they adopt the going concern basis for the preparation of the annual accounts.

d. Intangible Assets – IT Software

Development expenditure is written off when incurred, except where the members are satisfied as to the technical, commercial and financial viability of individual projects. In such cases development costs are capitalised in accordance with FRS 102 Section 18 *Intangible Assets other than Goodwill* and are therefore not treated as a realised loss. The intangible assets are amortised on a straight-line basis over their estimated useful economic life, which is between three and ten years.

e. Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

IT equipment	20 – 33% straight line
Furniture and other office equipment	10 – 20% straight line
Leasehold improvements and premiums	Over the life of the lease or to the break date if sooner

1. Accounting Policies (continued)

f. Taxation

The taxation payable on profits of the Limited Liability Partnership is the personal liability of the members and is not dealt with in these financial statements. A retention from profit distributions is made to fund the taxation payments on behalf of members. The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to the corporate subsidiaries is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the subsidiaries' taxable profits and their results as included in the financial statements that arise from the inclusion of gain and losses in tax assessments in years different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable profits from which a future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

g. Turnover

Turnover represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided. Turnover is stated net of Value Added Tax and excludes third party invoiced disbursements. Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients have been recognised as revenue in accordance with Section 23 *Revenue* of FRS 102. Revenue 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.

Revenue from contingent work is recognised where the amount of revenue can be measured reliably and it is probable that economic benefits associated with the work will arise. The contingent fee income is recognised in the period when the contingent event occurs. The revenue is recognised based on the performance of the relevant work type.

h. Employee Benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the year and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

1. Accounting Policies (continued)

h. Employee Benefits (continued)

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i. Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

j. Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured as the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value

Financial assets and liabilities are offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of FRS 102 Section 11.9 are subsequently measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

1. Accounting Policies (continued)

j. Financial Instruments (continued)

(i) Financial assets and liabilities (continued)

Financial assets are derecognised when, and only when, a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the balance sheet, investments are measured at cost less any impairment. Current investments are recognised at fair value through profit or loss which was determined by the market price at the reporting date.

(iii) Equity instruments

Equity instruments issued by the group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

k. 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 years 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 lease incentives are not made on such a basis.

1. Accounting Policies (continued)

l. Provisions

Provision is made for dilapidations in respect of property leases. Provision starts to be recognised in respect of potential future liabilities when a change in the property strategy which will result in a cash outflow can be assessed with reasonable certainty. The advice of suitably qualified experts is taken in assessing quantum.

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

The LLP has a defined benefit scheme which is now closed to all accruals. The provision in the accounts represents the most recent actuarial valuations of scheme assets and the present value of the defined benefit obligations. Net interest cost is recognised in the profit and loss account and actuarial gains and losses are recognised in other comprehensive income.

The provision against insurance claims represents a provision in respect of professional negligence claims. 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 of defending and settling claims net of insurance cover, where a liability is considered by the members to be probable.

m. Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher

Non-financial assets (continued)

than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

1. Accounting Policies (continued)

m. Impairment of Assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

n. Interest income

Interest income is recognised in other operating income. It is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably. Interest income is accrued based on the principal outstanding and the effective interest rate applicable.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the group's accounting policies, which are described in note 1, the designated members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Key sources of estimation uncertainty

Work in progress

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients have been recognised as revenue in accordance with Section 23 Revenue of FRS102. Revenue 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

3. Turnover

The members consider the business to have only one operating segment, the provision of legal services in the UK, and therefore no further disclosure has been made.

4. Finance costs (net)

	2023 £'000	2022 £'000
Interest payable and similar charges	367	216
Less: Investment income	(25)	(115)
	342	101

Interest payable and similar expenses

	2023 £'000	2022 £'000
Bank loans and overdrafts	363	192
Net interest paid on defined benefit pension scheme	-	-
Finance leases and hire purchase contracts	4	24
	367	216

Investment Income

	2023 £'000	2022 £'000
Interest receivable and similar charges	-	110
Dividend received from a subsidiary	-	-
Net interest received on defined benefit pension scheme	25	5
	25	115

Client interest received has been reclassified to Other operating income and client interest paid to Other operating expenses. The comparatives have not been restated due to their low value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

5. Profit on Ordinary Activities before Taxation

Profit before taxation is stated after charging:

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets (note 11)	1,255	1,545
Amortisation of intangible assets (note 10)	354	418
Operating lease rentals	2,570	2,619
(Gain)/Loss on disposal of tangible fixed assets	-	-
Auditor's remuneration	233	212

Amortisation of intangible assets is included in other operating expenses.

The analysis of the auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	65	59
Fees payable to the LLP's auditor and its Associates for other services to the group		
The audit of the LLP's subsidiaries	53	50
Total audit fees	118	109
Taxation compliance services	71	64
Other assurance services	44	39
Total non-audit fees	115	103
Total auditor's remuneration	233	212

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

6. Staff Numbers and Costs

The average monthly number of employees based on number of contracts basis was:

	2023 Number	2022 Number
Fee earners (including members)	416	452
Direct support staff	83	77
Business support staff	125	118
	624	647

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	21,285	18,615
Social security costs	2,337	5,142
Other pension costs	1,046	1,477
	24,668	25,234

Other pension costs include only those items included within operating costs. Items reported elsewhere have been excluded.

Key management personnel total remuneration for the year amounted to £508,000 (2022: £462,000).

7. 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.

	2023 Number	2022 Number
Average number of members in the year	96	96
	£'000	£'000
Average members' remuneration	183	191
	£'000	£'000
Profit which is attributable to the member with the largest entitlement to profit for the year	324	295

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

8. Tax on Profit on Ordinary Activities

The taxation payable on profits of the Limited Liability Partnership is the personal liability of the partners and is not dealt with in these financial statements. No profits in the group are subject to corporation tax.

9. Profit attributable to Blake Morgan Group LLP

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 the Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £17,730,000 (2022: £16,705,000).

10. Intangible Fixed Assets

	Group	LLP
	IT software £'000	IT software £'000
Cost		
At 1 May 2022	3,632	2,231
Additions	149	4
Disposals	(88)	(43)
At 30 April 2023	3,693	2,192
Amortisation		
At 1 May 2022	2,080	1,215
Charge for the year	354	227
Disposals	(88)	(43)
At 30 April 2023	2,346	1,399
Net book value		
At 30 April 2023	1,347	793
Net book value		
At 30 April 2022	1,552	1,016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

11. Tangible Fixed Assets

	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold Improvements £'000	Total £'000
Group				
Cost				
At 1 May 2022	3,808	4,456	3,756	12,020
Additions	591	287	838	1,716
Disposals	(665)	(252)	-	(917)
At 30 April 2023	3,734	4,491	4,594	12,819
Depreciation				
At 1 May 2022	2,795	3,813	1,352	7,960
Charge for the year	509	575	171	1,255
Disposals	(665)	(252)	-	(917)
At 30 April 2023	2,639	4,136	1,523	8,298
Net Book value				
At 30 April 2023	1,095	355	3,071	4,521
Net book value				
At 30 April 2022	1,013	643	2,404	4,060
Assets held under finance leases included in the above				
Net book value				
At 30 April 2023	326	-	-	326
Depreciation				
Charge for the year	336	-	-	336
Net book value				
At 30 April 2022	642	-	-	642
Depreciation				
Charge for the year	232	-	-	232

The group has various leases for IT equipment which are considered to meet the definition of finance leases and are accounted for accordingly. The assets are held in Blake Morgan LLP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

11. Tangible Fixed Assets (continued)

	IT Equipment £'000	Fixtures and Fittings £'000	Leasehold Improvements £'000	Total £'000
LLP				
Cost				
At 1 May 2022	1,067	266	88	1,421
Additions	6	5	-	11
Disposals	(123)	(36)	-	(159)
At 30 April 2023	950	235	88	1,273
Depreciation				
At 1 May 2022	925	137	38	1,100
Charge for the year	7	29	9	45
Disposals	(123)	(36)	-	(159)
At 30 April 2023	809	130	47	986
Net book value				
At 30 April 2023	141	105	41	287
Net book value				
At 30 April 2022	142	129	50	321

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

12. Fixed Asset Investments

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Subsidiary undertakings	-	-	-	-
Other investments and loans	6	-	6	-
Total	6	-	6	-

The parent Limited Liability Partnership and the group have investments in the following subsidiary undertakings and other investments.

Blake Morgan Group LLP is considered to control the partnership and LLP subsidiaries beneath it by virtue of the fact of common ownership and control – the members of these subsidiary LLPs and partnerships are also members of Blake Morgan Group LLP. Blake Morgan Group LLP therefore has control over the operations of these subsidiaries and benefit from the cashflows that arise in accordance with the respective members' agreements.

All subsidiary undertakings have been included in these consolidated financial statements.

Blake Morgan LLP (LLP registration number OC 392 078) trading subsidiary with audited financial statements produced to 30 April 2023.

Blake Lapthorn partnership is an unincorporated dormant entity and does not require to file financial statements. Its principal place of business is New Kings Court Tollgate, Chandler's Ford, Eastleigh, SO53 3LG.

During the last financial year the LLP disposed of its investment in Blake Lapthorn Employment Limited. No gain or loss arose as a result of this disposal.

The registered address of the subsidiaries is New Kings Court Tollgate, Chandler's Ford, Eastleigh, SO53 3LG.

Below is a full list of the group's subsidiaries, including dormant subsidiaries and investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

12. Fixed Asset Investments (continued)

Subsidiary Undertakings	Country of Incorporation	Principal Activity	Holding	%	Aggregate capital and reserves £'000	Profit/ (Loss) in the year £'000
Blake Morgan LLP	England and Wales	Legal services	Corporate Partner	100%	36,215	16,423
Blake Lapthorn partnership	England and Wales	Legal Services	Corporate Partner	100%	-	-
Piper Smith Watton LLP	England and Wales	Dormant	Corporate Partner	100%	-	-
Blake Morgan Commercial Recoveries LLP	England and Wales	Dormant	Corporate Partner	100%	-	-
Bl Legal Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Blake Lapthorn Linnell Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Blake Lapthorn Nominees Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Blake Morgan trustees Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Blakelaw Director Services Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Blakelaw Secretaries Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Brunswick Company Secretaries Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Linnells Secretarial Services Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
North Harbour Trustees Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
Tarlo Lyons Secretaries Limited	England and Wales	Dormant	Corporate Partner	100%	-	-
White & Bowker (Nominees) Limited	England and Wales	Dormant	Corporate Partner	100%	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

12. Fixed Asset Investments (continued)

Other Investments and Loans	Country of Incorporation	Principal Activity	Holding	%
Law South Group Limited	England and Wales	Professional Training and Consultancy Services	Ordinary Shares	11%
The Masuri Group Limited	England and Wales	Retail Sale of Sports Goods	Ordinary Shares	<1%
RWS Holdings Plc	England and Wales	Intellectual Property Support Services	Ordinary Shares	<1%

13. Debtors

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Trade debtors	17,858	-	19,802	-
Amounts recoverable from clients in respect of un-billed work performed	12,119	-	11,930	-
VAT	-	1,357	-	885
Amounts owed by group undertakings	-	-	-	-
Amounts due from members	8,751	36,622	9,080	36,319
Other taxation and social security	-	-	-	-
Other debtors	168	-	177	-
Prepayments and accrued income	2,839	98	2,671	176
	41,735	38,077	43,660	37,380

14. Creditors – amounts falling due within one year

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Bank loans	488	-	5,125	-
Bank overdraft	-	-	-	-
Obligations under finance leases and hire purchase contracts	155	-	341	-
Amounts owed to group undertakings	-	15,519	-	3,431
Trade creditors	743	84	357	6
VAT	2,839	-	2,628	-
Corporation tax	-	-	-	-
Other taxation and social security	568	137	593	131
Other creditors	2,550	700	2,324	948
Accruals and deferred income	2,521	466	1,923	396
	9,864	16,906	13,291	4,912

The revolving credit facility is on a floating rate basis.

The interest rate on bank loans disclosed in notes 14 and 15 is as follows: £4,753,000 (2022: £3,175,000) at SONIA plus 1.95% (2022: SONIA plus 1.95%).

No interest has been charged on the balances with the group undertakings and amounts are repayable at the discretion of the members.

15. Creditors – amounts falling due after more than one year

	Group	LLP	Group	LLP
	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Bank loans	4,265	-	-	-
Revolving credit facilities	-	-	-	-
Obligations under finance leases and hire purchase contracts	123	-	269	-
Other creditors	1,542	-	1,635	293
	5,930	-	1,904	293

Borrowings are repayable as follows:

	Group	LLP	Group	LLP
	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Finance leases				
On demand or within one year	155	-	341	-
Between one and two years	49	-	153	-
Between two and five years	74	-	116	-
	278	-	610	-
Bank loans				
On demand or within one year	488	-	3,125	-
Between one and two years	488	-	-	-
Between two and five years	3,777	-	-	-
	4,753	-	3,125	-
Overdraft and revolving credit facilities				
On demand or within one year	-	-	2,000	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
	-	-	2,000	-

	Group	LLP	Group	LLP
	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Total borrowings including finance leases				
On demand or within one year	643	-	5,466	-
Between one and two years	537	-	153	-
Between two and five years	3,851	-	116	-
	5,031	-	5,735	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 30 April 2023 (CONTINUED)

16. Provisions for Liabilities

Group

	Net defined benefit scheme deficit	Property Dilapidations	Insurance claims	Total
	£'000	£'000	£'000	£'000
At 1 May 2022	-	(905)	(1,703)	(2,608)
Cash paid	-	-	588	588
(Increase)/decrease in provision	-	(10)	(1,326)	(1,336)
Release of unused provision	-	53	926	979
Net movement (note 20)	-	-	-	-
At 30 April 2023	-	(862)	(1,515)	(2,377)

Pension Scheme Liability
The provision for the defined benefit scheme liability is discussed in greater detail in note 20.

Property Dilapidations
The Members review the premises strategy regularly and make appropriate provision for expected future cash outflows when a reasonable estimate of the timings and value of these outflows can be made.

Provision against insurance claims
The balance represents a provision against insurance claims in respect of professional negligence claims. 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 of defending and settling claims where a liability is considered by the members to be probable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

17. Cash Flow Statement

Reconciliation of profit for discretionary division among members to cash generated by operations

	2023 £'000	2022 £'000
Profit for the financial year for discretionary division among members	17,775	17,222
Members' remuneration charged as an expense	-	-
Tax on profit on ordinary activities	-	-
Adjustment for:		
Loss/(Profit) of disposal of tangible fixed assets	-	-
Depreciation of tangible fixed assets	1,255	1,545
Amortisation of intangible assets	354	418
Revaluation of investments	-	-
Interest paid	367	216
Net interest (income)/cost on defined benefit pension scheme	(25)	(5)
Interest received	-	(110)
Decrease in debtors	1,595	2,337
Increase/(Decrease) in creditors	1,303	(2,576)
(Decrease) in provisions	(231)	(810)
Increase in investment provisions	-	-
Corporation tax	-	-
Payments to and on behalf of members	(17,393)	(18,803)
Cash from operations	5,000	(566)
Interest paid to bank	(367)	(216)
Contributions into pension scheme	(465)	(596)
Net cash inflow from operating activities	4,168	(1,378)

18. Financial Commitments

Capital commitments are as follows:

	2023 £'000	2022 £'000
Contracted but not provided for		
- computer equipment	530	-
- office refurbishment	-	72
Total	530	72

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

18. Financial Commitments (continued)

Total future minimum lease payments under non-cancellable operating leases of land and buildings are:

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
- within one year	2,907	-	2,475	-
- between one and five years	9,506	-	10,541	-
- after five years	5,781	-	7,829	-
Total	18,194	-	20,845	-

19. Lease Income

Property rental income earned during the year was £91,000 (2022: £91,000) which arose from the sub-letting of certain of the group's rented property. No contingent rents have been recognised as income in the current year.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
- within one year	196	-	91	91
- between one and five years	796	-	366	366
- after five years	105	-	43	43
Total	1,097	-	500	500

20. Employee Benefits

Defined Contribution Scheme

The group operates a defined contribution retirement benefit scheme for all qualifying employees. The total expense charged to profit or loss in the year ended 30 April 2023 was £1,046,000 (2022: £1,477,000). The accrued payment at the year-end amounted to £183,000 (2022: £179,000).

Defined Benefit Scheme

The group has a defined benefit pension scheme for qualifying employees, the Blake Lapthorn Pension Fund, which is now closed to all accrual. Under the scheme eligible employees are entitled to retirement benefits for the year of their pensionable service in the Scheme at the rate of 1/60 of their final pensionable salary on attainment of a retirement age of 65. The scheme is a funded scheme.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 30 April 2023 by Mr Russell Walmsley, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. The discount rate was calculated using a single equivalent discount rate derived from the AA yield curve.

The Members of the LLP have considered the terms of the scheme when determining whether or not to recognise the surplus of pension assets in excess of the respective obligations. The Members do not believe that the LLP has unrestricted access to the benefits of the surplus and have therefore decided not to recognise the surplus as an asset of the LLP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

20. Employee Benefits (continued)

	Valuation at 2023	Valuation at 2022
Key assumptions used:		
Discount rate	4.8% p.a.	3.1% p.a.
Inflation – CPI	2.3% p.a.	3.4% p.a.
Inflation – RPI	3.2% p.a.	3.8% p.a.
Future pension increases in payment (post April 1997)	3.2% p.a.	3.7% p.a.
Cash commutation on retirement	25%	25%

Mortality Assumptions:

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at 2023 Years	Valuation at 2022 Years
Retiring today:		
Males	87.7	87.6
Females	90.1	90.0
Retiring in 20 years:		
Males	88.7	88.6
Females	91.2	91.2

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2023 £'000	2022 £'000
Current service cost	-	-
Past service cost	-	-
Net interest income/(cost)	25	5
Recognised in profit and loss	25	5
Recognised in other comprehensive income	(490)	(537)
Total gain relating to defined benefit scheme	(465)	(532)

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	(6,424)	(8,091)
Fair value of scheme assets	6,424	8,091
Net liability recognised in the balance sheet	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

20. Employee Benefits (continued)

Movements in the present value of defined benefit obligations were as follows:

	2023 £'000
At 1 May 2022	(8,091)
Past service cost	-
Interest cost	(246)
Actuarial gains and losses	1,632
Benefits paid	281
At 30 April 2023	(6,424)

Movements in the fair value of scheme assets were as follows:

	2023 £'000
At 1 May 2022	8,091
Interest income	271
Actuarial gains and losses	(1,873)
Contributions from the employer	465
Benefits paid	(281)
Effect of restriction on pension surplus	(249)
At 30 April 2023	6,424

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets 2023 £'000	Fair value of assets 2022 £'000
Equity instruments	6,206	8,456
Other	218	182
	6,424	8,638

21. Members' Interests

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Loans and other debts due to/(from) members: amounts falling due within one year				
Members' capital classified as a liability	-	-	-	-
Amounts due from members	(8,751)	(36,622)	(9,080)	(36,319)
	(8,751)	(36,622)	(9,080)	(36,319)
Loans and other debts due to members: amounts falling due after more than one year				
Members' capital classified as a liability	15,832	4,566	16,958	16,958
	7,081	(32,056)	7,878	(19,361)

Loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

22. Financial Instruments

The carrying values of the group's financial assets and liabilities are summarised by category below:

	Group 2023 £'000	Group 2022 £'000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors	30,145	31,909
Equity instruments measured at cost less impairment		
• Fixed asset investments in unlisted equity Instruments	6	6
Assets measure at fair value through profit or loss		
• Current asset investments in unlisted equity Instruments	-	-
	30,151	31,915

	Group 2023 £'000	Group 2022 £'000
Financial liabilities		
Measured at amortised cost		
• Loans payable	4,753	3,125
• Obligations under finance leases	278	610
Measured at undiscounted amount payable		
• Bank overdraft	-	2,000
• Trade and other creditors	4,834	4,317
	9,865	10,052

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

22. Financial Instruments (continued)

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2023 £'000	Group 2022 £'000
Interest income and expense		
Total interest income in respect of cash balances	25	110
Total interest expense for financial liabilities at amortised cost	(367)	(216)
Total interest expense for financial liabilities at undiscounted amounts receivable	-	-
	(342)	(106)

23. Net Debt Reconciliation

Group

	Balance at 1 May 2022	Arising from cash flows	New finance leases	Other non-cash changes	Balance at 30 April 2023
Cash at bank	224	974	-	-	1,198
Overdrafts	(2,000)	2,000	-	-	-
Bank borrowings (less than one year)	(3,125)	2,637	-	-	(488)
Bank borrowings (more than one year)	-	(4,266)	-	-	(4,266)
Finance leases	(610)	343	(11)	-	(278)
Net debt (before members' debt)	(5,511)	1,688	(11)	-	(3,834)
Loans and other debts due to members	(9,080)	-	-	329	(8,751)
Members' capital	16,958	(1,126)	-	-	15,832
Other amounts due to members	14,741	-	-	63	14,804
Net debt (after members' debt)	17,108	562	(11)	392	18,051

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

23. Net Debt Reconciliation (continued)

LLP

	Balance at 1 May 2022	Arising from cash flows	New finance leases	Other non-cash changes	Balance at 30 April 2023
Cash at bank	149	(106)	-	-	43
Overdrafts	-	-	-	-	-
Bank borrowings (less than one year)	-	-	-	-	-
Bank borrowings (more than one year)	-	-	-	-	-
Finance leases	-	-	-	-	-
Net debt (before members' debt)	149	(106)	-	-	43
Loans and other debts due to members	(36,319)	-	-	(303)	(36,622)
Members' capital	16,958	(12,392)	-	-	4,566
Other amounts due to members	16,703	-	-	1,025	17,728
Net debt (after members' debt)	(2,509)	(12,498)	-	722	(14,285)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 30 April 2023 (CONTINUED)

24. Related Party Transactions

No wholly owned members of the group are disclosed in the related party transaction note below, as permitted by paragraph 33.1A of Financial Reporting Standard 102.

During the year ended 30 April 2023 the group provided legal services to The Masuri Group Limited of amount £850 (2022: £1,750).

25. Contingent Liabilities

The group's bank borrowings are provided through Blake Morgan LLP. The total drawn down at 30 April 2023 was £4,753,000 (2022: £5,125,000).

26. Subsequent events

Subsequent to the year end, in November 2023 Blake Morgan LLP entered into a £1.8m loan commitment with Lloyds bank. The loan is repayable within 10 months, and is unsecured with a flat interest rate of 3.58%.

27. Controlling Party

In the opinion of the members, there is no controlling party as defined in Financial Reporting Standard 102.