

Begbies Traynor (London) LLP

Report and Financial Statements

Year ended

30 April 2019

LLP Number OC412043



Begbies Traynor (London) LLP

Report and financial statements for year ended 30 April 2019

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Designated members

Begbies Traynor Limited
BTG Consulting Limited

Secretary

J A Humphrey

Registered office

340 Deansgate
Manchester
M3 4LY

LLP number

OC412043

Auditors

BDO LLP, Leeds

Begbies Traynor (London) LLP

Members' report for the year ended 30 April 2019

The members present their annual report and the audited financial statements of Begbies Traynor (London) LLP for the year ended 30 April 2019.

Principal activity

The LLP was incorporated on 28 May 2016. On 1 November 2016 certain trade and assets were transferred at book value into the LLP from a fellow subsidiary undertaking of Begbies Traynor Group plc, Begbies Traynor (Central) LLP and the LLP continued the previous trade.

The principal activity of the LLP is the provision of insolvency and corporate recovery services.

Results

The audited financial statements for the year ended 30 April 2019 are set out on pages 6 to 15.

Going Concern

The financial statements have been prepared on a going concern basis. Based on internal forecasts and projections, prepared for a period of at least 12 months from the date of approval of the financial statements that take into account reasonably possible changes in the LLP's trading performance, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be adopted in the preparation of the financial statements.

Designated Members

The designated members of the LLP throughout the period and since the year end were:

Begbies Traynor Limited
BTG Consulting Limited

Mark Fry is an equity member of the LLP.

Members' drawings and capital policy

The members' policy on drawings is determined by the designated members. The level of monthly drawings is established at the start of each financial year, enabling members to draw a proportion of their post-tax profit during the year, with any balance being made once the financial results for the year and allocation of profits have been finalised.

With the consent of members, the LLP retains a provision for tax from their profit shares which is paid to H M Revenue & Customs on their behalf.

The capital contribution of members is assessed based on anticipated earning levels, in line with H M Revenue & Customs legislation.

Auditors

All of the Members as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Members are not aware of any relevant audit information of which the LLP's auditor is unaware.

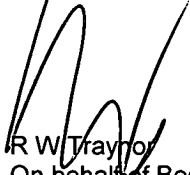
BDO LLP were appointed as auditors of the company by the director. BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Begbies Traynor (London) LLP

Report and financial statements for year ended 30 April 2019

Approval

This Members' Report was approved by order of the Board on 23 January 2020.



R W Traynor
On behalf of Begbies Traynor Limited
Designated Member

Begbies Traynor (London) LLP

Members' responsibility statement for the year ended 30 April 2019

Members' responsibilities

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

The Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008* require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the Limited Liability Partnership (LLP) financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

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

Begbies Traynor (London) LLP

Independent auditor's report to the members of Begbies Traynor (London) LLP

Opinion

We have audited the financial statements of Begbies Traynor (London) LLP ("the Limited Liability Partnership") for the year ended 30 April 2019 which comprise the income statement, the balance sheet, the statement of changes in members interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 30 April 2019 and of its 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 applied to Limited Liability Partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Begbies Traynor (London) LLP

Independent auditor's report to the members of Begbies Traynor (London) LLP

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

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, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the 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 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.

BDO LLP

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, United Kingdom
27 January 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Begbies Traynor (London) LLP

Income statement for the year ended 30 April 2019

	Notes	2019 £	2018 £
Revenue	3	6,874,199	7,863,511
Staff costs	5	(1,523,238)	(1,564,320)
Depreciation	4	(114,033)	(116,357)
Other costs		(914,836)	(1,451,023)
Operating profit	4	4,322,092	4,731,811
Profit for the year before members' remuneration and profit shares		4,322,092	4,731,811
Members' remuneration charged as an expense	6	(1,790,927)	(1,468,049)
Profit for the year available for discretionary division among members		2,531,165	3,263,762

There were no recognised gains and losses other than the profit for both periods shown above. Accordingly, a separate statement of comprehensive income has not been presented.

All results were derived from continuing operations.

The notes on pages 9 to 15 form part of these financial statements.

Begbies Traynor (London) LLP

Balance sheet as at 30 April 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	7	376,275	481,982
		<u>376,275</u>	<u>481,982</u>
Current assets			
Debtors	8	9,753,775	9,240,831
Cash at bank and in hand		250	800
		<u>9,754,025</u>	<u>9,241,631</u>
Creditors: amounts falling due within one year	9	(2,424,135)	(997,525)
Net current assets		<u>7,329,890</u>	<u>8,244,106</u>
Net assets attributable to members		<u>7,706,165</u>	<u>8,726,088</u>
Represented by:			
Loans and amounts due to members			
Members' capital classified as a liability		3,673,653	3,611,153
Other amounts		4,032,512	5,114,935
Total members interests		<u>7,706,165</u>	<u>8,726,088</u>

The notes on pages 9 to 15 form part of these financial statements.

The financial statements of Begbies Traynor (London) LLP, registered number OC412043, were approved by the members and authorised for issue on 23 January 2020.



R W Traynor
On behalf of Begbies Traynor Limited
Designated Member

Begbies Traynor (London) LLP

Statement of changes in members' interests as at 30 April 2019

	Note	Loans and other debts due to members		Members' other interests	Total Members interests
		Members capital £	Other amounts £	Other reserves £	£
Members' interests at 1 May 2017		3,498,653	1,991,145	-	5,489,798
Members' remuneration charged as an expense		-	1,468,049	-	1,468,049
Profit for the financial period available for division among members		-	-	3,263,762	3,263,762
Members' interests after profit for the period		3,498,653	3,459,194	3,263,762	10,221,609
Allocated profits		-	3,263,762	(3,263,762)	-
Amounts introduced		112,500	-	-	112,500
Drawings		-	(1,608,021)	-	(1,608,021)
Members' interests at 30 April 2018		3,611,153	5,114,935	-	8,726,088
Members' remuneration charged as an expense	6	-	1,790,927	-	1,790,927
Profit for the year available for division among members	6	-	-	2,531,165	2,531,165
Members' interests after profit for the year		3,611,153	6,905,862	2,531,165	13,048,180
Allocated profits		-	2,531,165	(2,531,165)	-
Amounts introduced		62,500	-	-	62,500
Drawings		-	(5,404,515)	-	(5,404,515)
Members' interests at 30 April 2019		3,673,653	4,032,512	-	7,706,165

Amounts due to members will rank pari passu with other unsecured creditors in the event of a winding up. In such a circumstance, the Members have subordinated their rights to payments of amounts owed to them in preference to external creditors.

The notes on pages 9 to 15 form part of these financial statements.

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

1 Accounting policies

Begbies Traynor (London) LLP is a Limited Liability Partnership ('LLP') incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the LLP's operations and its principal activities are set out in the members' report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2015), 'Accounting by Limited Liability Partnerships'.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the LLP's accounting policies (see note 2).

FRS 102 exemptions

FRS 102 allows a qualifying entity certain exemptions. The LLP has taken advantage of the available exemptions not to disclose:

- a statement of cash flows;
- Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the LLP is consolidated; and
- key management personnel compensation in total.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis. Based on internal forecasts and projections, prepared for a period of at least 12 months from the date of approval of the financial statements that take into account reasonably possible changes in the LLP's trading performance, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be adopted in the preparation of the financial statements.

Revenue

For formal insolvency appointments and other advisory engagements, where remuneration is typically determined based on hours worked by professional partners and staff, the LLP transfers control of its services over time and recognises revenue over time if the LLP:

- provides services for which it has no alternative use or means of deriving value; and
- has an enforceable right to payment for its performance completed to date, and for formal insolvency appointments has approval from creditors to draw fees which will be paid from asset realisations.

On certain contracts the LLP may not have enforceable rights to payment at the start of the contract and revenue will not be recognised until these rights are in place. This may occur on insolvency appointments where the recovery of assets is subject to litigation or the realisation of assets is uncertain.

Progress on each assignment is measured using an input method based on costs incurred to date as a percentage of total anticipated costs.

In determining the amount of revenue and the related balance sheet items (such as trade receivables, unbilled income and deferred income) to recognise in the period, management is required to form a judgement on each individual contract of the total expected fees and total anticipated costs. These estimates and judgements may change over time as the engagement completes and this will be recognised in the income statement in the period in which the revision becomes known. These judgements are formed over a large portfolio of contracts and are therefore unlikely to be individually material.

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

1 Accounting policies (*continued*)

Invoices on formal insolvency appointments are generally raised having achieved approval from creditors to draw fees. This is typically settled on a timely basis from case funds. On advisory engagements, invoices are generally raised in line with contract terms.

Where revenue is recognised in advance of the invoice being raised (in line with the recognition criteria above) this is disclosed as unbilled income within debtors. Where an invoice is raised in advance of the revenue being recognised, this is disclosed as deferred income within creditors.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Leasehold improvements	- 10% - 20% straight line
Computers	- 33% straight line
Office equipment	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised when the LLP becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are stated at amortised cost less allowances for estimated irrecoverable amounts.

Trade creditors

Trade creditors are stated at their amortised cost.

Financial liabilities and equity instruments

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 company after deducting all of its liabilities

Pension costs

Contributions to the LLP's defined contribution pension scheme are charged to the income statement in the period in which they become payable.

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

1 Accounting policies (*continued*)

Profit allocations

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP. Unallocated profits are recognised in equity ('other reserves').

Drawings

The equity member receives a fully variable profit share, determined as a proportion of the profits of the LLP. A proportion of this is drawn on account monthly, with the balance paid (or refunded) following finalisation of the annual results.

Ordinary members draw their fixed profit share monthly, with the balance being distributed once the financial results for the year and allocation of profits have been finalised. The amount of such drawings is set at the beginning of each financial year.

Allocated profits in excess of drawings are included within other amounts within loans and amounts due to members as a liability.

Members' capital

Capital contributions of each of the members are amounts as set out in the LLP agreement. New members shall contribute upon admission to the LLP such capital as determined by the designated members.

Capital is repaid to members shortly after ceasing to be a member of the LLP, or at such other time as is determined by the Designated Members. Members' capital is therefore classified as a liability.

Details of movement of members' capital and interests in the year ended 30 April 2018 are set out on page 8.

Operating leases

Operating lease rentals are charged to the income statement on a straight-line basis over the term of the lease, even where payments are not made on such a basis. Lease incentives are spread over the period of the lease.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the LLP's accounting policies

The members do not consider there to be any critical accounting judgements that must be applied.

Key accounting estimates and assumptions

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The members do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

3 Revenue

Revenue was derived from insolvency and corporate advisory services.

All revenue arose within the United Kingdom in both years and is stated net of value added tax.

4 Operating profit

	2019 £	2018 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	114,033	116,357
Operating lease expense – land & buildings	237,485	243,788
Operating lease expense – other	93,071	93,330
	<u>444,589</u>	<u>453,475</u>

The auditors remuneration is borne by other group entities and is not recharged. The members' estimate of the audit fee relating to the LLP is £6,000 (2018: £5,000). No other fees were paid to the auditor during the year (2018: £nil)

5 Employees

	2019 £	2018 £
Staff costs consist of:		
Wages and salaries	1,269,833	1,317,199
Social security costs	166,116	160,957
Pension cost	87,289	86,164
	<u>1,523,238</u>	<u>1,564,320</u>

The average number of employees during the period was as follows:

	Number	Number
Client service staff	21	22
Administration staff	6	6
	<u>27</u>	<u>28</u>

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

6 Members' remuneration

Profits are shared among the members in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions from their profit shares.

	2019 £	2018 £
Remuneration of members	1,790,927	1,468,049
Profit for the period available for division among members	2,531,165	3,263,762
Profit before members' remuneration and profit shares	<u>4,322,092</u>	<u>4,731,811</u>
	Number	Number
Average number of members during the period	<u>7</u>	<u>7</u>

The profit attributable to the highest member was £1,835,823 (2018: £2,875,425).

7. Tangible fixed assets

	Leasehold Improvements £	Computers £	Office equipment £	Total £
Cost				
At 1 May 2018	552,844	20,838	85,354	659,036
Additions	-	7,929	397	8,326
At 30 April 2019	<u>552,844</u>	<u>28,767</u>	<u>85,751</u>	<u>667,362</u>
Depreciation				
At 1 May 2018	132,130	12,580	32,344	177,054
Charge for the year	88,087	4,430	21,516	114,033
At 30 April 2019	<u>220,217</u>	<u>17,010</u>	<u>53,860</u>	<u>291,087</u>
Net book value				
At 30 April 2019	<u>332,627</u>	<u>11,757</u>	<u>31,891</u>	<u>376,275</u>
At 30 April 2018	<u>420,714</u>	<u>8,258</u>	<u>53,010</u>	<u>481,982</u>

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

8 Debtors

	2019 £	2018 £
Trade debtors	1,302,591	919,344
Unbilled income	2,163,860	1,941,360
Prepayments and accrued income	179,986	185,635
Amounts owed by group undertakings	6,107,338	6,194,492
	<u>9,753,775</u>	<u>9,240,831</u>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are interest free and repayable on demand.

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	26,759
Taxation and social security	970,536	316,153
Accruals and deferred income	1,453,599	654,613
	<u>2,424,135</u>	<u>997,525</u>

All amounts shown under creditors due within one year are interest free, unsecured and repayable on demand.

10 Guarantees and other financial commitments

Guarantees

The LLP has entered into cross guarantees with fellow subsidiary undertakings in the ordinary course of business in connection with the group's banking facilities. As at 30 April 2019, the group's total net indebtedness to the bank was £7,104,118 (2018: £7,815,819).

Lease commitments

Total commitments under non-cancellable operating leases are as follows:

	2019		2018	
	Land and buildings £	Other £	Land and buildings £	Other £
Not later than 1 year	124,411	94,432	349,238	69,536
Later than 1 year and not later than 5 years	1,202,642	58,352	278,125	42,017
Total	<u>1,327,053</u>	<u>152,784</u>	<u>627,363</u>	<u>111,553</u>

Capital commitments

There are no outstanding capital commitments (2018: £nil)

Begbies Traynor (London) LLP

Notes to the financial statements for the year ended 30 April 2019

11 Related party disclosures

Ultimate parent undertaking and controlling party

The immediate parent undertaking is Begbies Traynor Limited.

The LLP's immediate and ultimate parent undertaking is Begbies Traynor Group plc, a company registered in England and Wales. Copies of the parent's consolidated financial statements can be obtained from the Registrar of Companies. The smallest and largest group in which the results of the LLP are consolidated is that headed by Begbies Traynor Group plc.

In the opinion of the director, Begbies Traynor Group plc is the ultimate controlling party.

Related party transactions

As the LLP is a wholly owned subsidiary of Begbies Traynor Group plc it has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Begbies Traynor Group plc or other wholly owned subsidiaries within the group.