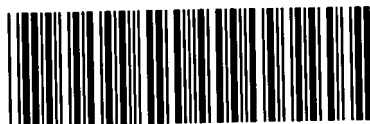


Company Registration No. 02995501 (England and Wales)

**BERRYMAN'S LACE MAWER SERVICE
COMPANY**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020**

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BERRYMAN'S LACE MAWER SERVICE COMPANY

COMPANY INFORMATION

Directors	V Williams M Harrington
Secretary	V Williams
Company number	02995501
Registered office	Berrymans Lace Mawer LLP King's House 42 King Street West Manchester M3 2NU
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

BERRYMAN'S LACE MAWER SERVICE COMPANY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Business Review

During the year Berryman's Lace Mawer Service Company (The "Company") continued to focus on delivering employee and employee related services to Berryman's Lace Mawer LLP, its ultimate controlling party. The Company continued its policy to invest in people, technology and infrastructure to support the development of Berryman's Lace Mawer LLP.

Market conditions were, however, challenging with pressure on margins, reduced output during quarter four of the financial year as a consequence of the Covid-19 pandemic and the insolvency of a significant client of Berryman's Lace Mawer LLP. As a consequence, the Company's Turnover reduced by £1.0m to £83.0m (2019: £84.0m).

The Company is committed to the development and wellbeing of its people. It is an equal opportunities employer and promotes equality and diversity in all aspects of its business. During the year the Firm developed a formal "Wellbeing" programme, including fully trained Mental Health First Aiders and Wellbeing Ambassadors to promote positive health and wellbeing and actively encourage people to speak openly about how they feel and seek the support they need.

In addition, following months of planning with internal EDI Ambassadors the Firm introduced a new EDI strategy in February 2020. This strategy is fully supported and backed by the Executive Board and is central to the firm's values, which recognise that difference drives innovative thinking, diversity of thought and promotes higher levels of engagement.

Staff engagement is an important feature of the business. Staff are encouraged and rewarded for creative ideas and are formally consulted on matters such as business strategy, training, promotions, pay and reward and working conditions via the Firm's employee engagement forum called "The Voice of BLM". This forum has played a significant role in helping shape the Firm's response to the people issues raised by Covid-19.

As part of the Berryman's Lace Mawer LLP group, the Company is committed to technological innovation to deliver enhanced performance for the business and its ultimate clients. Investment during the year focused on technology to support digital literacy, collaboration, communications, case management systems and Analytics

Further expansion in the Republic of Ireland necessitated additional office space in Dublin to support growing client demand in that jurisdiction. In addition the Firm's Birmingham office underwent complete refurbishment to enhance the workplace environment and improve efficiencies. The Group's real estate portfolio is actively managed to ensure the quality, location and size of its operating centres are optimised.

The Company's parent continues to enjoy an excellent relationship with its banking partners Barclays and HSBC. Having received a Bank Credit Approved Term Sheet, the parent is at an advanced stage of renewing its three year bank facility agreement, which expires on 02 November 2020. The Directors are confident that a new three year facility will be in place during October 2020, which will provide working capital and additional resources to support strategic investment over the course of the facility period.

The Directors consider the Company's performance to be satisfactory.

BERRYMAN'S LACE MAWER SERVICE COMPANY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Principle Risks and Uncertainties

Berrymans Lace Mawer LLP adopts a "3 Lines of Defence Model" of risk management, namely Ownership (1st line), Oversight (2nd line) and Assurance (3rd line) for all entities for which it is the ultimate controlling party (collectively referred to as the "Group"). The Executive Board of Berrymans Lace Mawer LLP is responsible for setting and monitoring the overall strategy of the Group and for determining its risk appetite. The Directors of the Company are members of the Executive Board.

Risks are monitored by the Group's Risk and Compliance Committee (RCC), which operates as a sub-committee of the Executive Board. The RCC maintains the Group's risk register and ensures that risks are managed within the Group's risk appetite. The Directors of the Company are members of the RCC.

The Company's principal risks mirror those of Berrymans Lace Mawer LLP, which are client retention, liquidity and market changes in light of Covid-19.

Client Retention

In order to retain and attract new clients, the Group operates a Key Account Management Programme that spans all of its locations and services and includes designated Key Account Partners to manage and develop client relationships. Key Account Partners are represented on The Executive Board to ensure that the Group's strategic decisions remain client-focused. The Company continues to invest in technology, infrastructure and people to ensure that it provides first class services to the Group's clients.

Liquidity

The Company is ultimately funded by Berrymans Lace Mawer LLP, which is funded by a mixture of Partner Capital (fixed capital and retained current accounts of our members) and debt financing by banks. At 31 March 2020 total Partner Capital amounted to £20.0m (2019: £21.5m), representing 19% (2019: 20%) of the Group's turnover and net debt stood at £15.0m (2019: £13.8m). The Company had £nil net debt at 31 March 2020 (2019: £nil).

Group cash flow is actively managed by a combination of credit control, payment management, profit retention and short term external borrowing. Liquidity is reviewed on a daily, weekly and monthly basis and long term forecasts are prepared to ensure that the Group has adequate liquidity at all times.

Market changes in light of Covid-19

In light of the Covid-19 Pandemic the Group undertook a fundamental review of the financial and operational risks it faced. Risk assessments were conducted and appropriate risk mitigation strategies put in place to reduce the risk to an acceptable level. Detailed financial plans and forecasts were created and stress tested to ensure that the Group is equipped to address the current and future impact of the pandemic. These forecasts included bank financing on the basis of the Bank Credit Approved Term Sheet for the Firm's new three year bank finance facility. Plans and forecasts are constantly monitored and formally refreshed on a monthly basis.

The Directors have actively considered their financial reporting responsibilities, including the appropriateness of preparing financial statements on a going concern basis. Having considered all of the evidence available, the Directors are of the opinion that these financial statements should be prepared on a going concern basis and there are no material uncertainties that require disclosure.

BERRYMAN'S LACE MAWER SERVICE COMPANY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Developments and Future Outlook

BLM continues to operate in a competitive and challenging business environment. The Covid-19 pandemic has presented the business with additional challenges, many of which will persist for the foreseeable future. However, investments made and the operational changes implemented in 2020 to enhance digital and agile working have created efficiencies that will benefit the Company moving forward.

The Directors are mindful of the implications and volatile landscape arising from the United Kingdom's withdrawal from the European Union ("Brexit") on 31 January 2020 and the consequences of a potential move to WTO rule trading with Europe from 01 January 2021. The impact of Brexit cannot be quantified and assessed with accuracy at this time, however, the Firm's Risk and Compliance Committee continue to monitor the potential impact and commit to implementing mitigation strategies as appropriate.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires the directors to have regard to, amongst other matters:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and

In discharging their section 172 duties, the Directors have regard to all the matters set out above. Authority for day to day management of the Company is delegated to an Operations Board. The Directors are provided with information in a variety of formats to ensure they are able to discharge their Section 172 duties and engage with the Operations Board regularly in:

- setting, approving and executing business strategy, plans and policies;
- reviewing business performance;
- managing risk; and
- decisions relating to material business initiatives and other matters.

The Directors and Operations Board manage the business in a responsible manner with the aim of ensuring that the Company and Berrymans Lace Mawer LLP (its immediate client and ultimate controlling party) maintain a reputation for high standards of business conduct and good governance. As part of the Berrymans Lace Mawer LLP group, the Company has policies in place in relation to conduct and standards, anti-bribery and corruption measures, equal opportunities and diversity, and modern slavery. The group's statement on modern slavery can be found on its website www.blmlaw.com.

BERRYMAN'S LACE MAWER SERVICE COMPANY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Section 172(1) Statement (continued)

The Company's key stakeholders are its employees, clients, suppliers, the community and its investor Berrymans Lace Mawer LLP. The Directors have regard to the views of all these stakeholders in their decision making. Engagement with these stakeholders occurs through various channels, including:

- **Employees:** receive regular business wide briefings on the performance of the group and other matters of concern to them. Communication is multi channelled and includes email, video and newsletters at a local and national level. Employee input on strategic and operational matters is actively sought via an employee engagement forum "The Voice of BLM".
- **Clients:** the Company's immediate client is Berrymans Lace Mawer LLP and its subsidiary trading entities. Its ultimate clients are the organisations for which those entities provide legal and related services. The Directors, Operations Board and Employees are focused on delivering outstanding services to its immediate and ultimate clients. The group operates a Key Account Management Programme to manage and develop client relationships. Client feedback is regularly obtained to ensure that investment in technology, infrastructure and people are aligned to current and future client requirements.
- **Suppliers:** the company maintains close relationships with its key suppliers through regular feedback and periodic meetings. The group's procurement approach requires that suppliers have core values that are consistent with those of the Company and contract terms ensure that the interests of the Company and its Suppliers are closely aligned.
- **Corporate Social Responsibility (CSR):** at BLM touches on the community, the marketplace, environment and workplace. It covers a wide range of activities and programmes including the use of fair trade coffee, a firm wide commitment to recycling and reduced energy consumption and local initiatives such as working with disadvantaged young adults in our communities. CSR activities are facilitated by a dedicated corporate social responsibility committee that works across the entire business. In 2019 employees voted to support Together for Short Lives as BLM's corporate charity partner.
- **Investors:** the Company's parent, Berrymans Lace Mawer LLP, is represented in the corporate governance and operational structure of the Company. The Senior and Managing Partners of Berrymans Lace Mawer LLP are also the Directors of the Company thus ensuring alignment with investor interests.

As the Energy and Carbon report is included in the group accounts of the company's parent Berrymans Lace Mawer LLP, the company is exempt from including this in their own accounts.

On behalf of the board



V Williams
Director

25 September 2020

BERRYMAN'S LACE MAWER SERVICE COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the Company continued to be that of the supply of employees and employee related services to Berryman's Lace Mawer LLP. The nature and terms of the services provided were formalised on 1 June 2010 in an Agreement between the Company and Berryman's Lace Mawer LLP which was effective from that date.

Directors

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

V Williams

M Harrington

Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The profit for the year after taxation amounted to £3,203k (2019: £3,225k).

The directors approved the payment of a dividend of £1,100k (2019: £4,000k) in relation to the year, payable to the Company's parent undertaking Berryman's Lace Mawer LLP.

The Directors consider the Company's financial performance satisfactory.

Disabled persons

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 that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

BERRYMAN'S LACE MAWER SERVICE COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board



V Williams
Director

25 September 2020

BERRYMAN'S LACE MAWER SERVICE COMPANY

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERRYMANS LACE MAWER SERVICE COMPANY

Opinion

We have audited the financial statements of Berryman's Lace Mawer Service Company (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERRYMAN'S LACE MAWER SERVICE COMPANY (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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 on the Financial Reporting Council's website at: <http://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Ian Taylor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
25 SEPTEMBER 2020

BERRYMAN'S LACE MAWER SERVICE COMPANY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000	2019 £000
Turnover	3	83,046	84,013
Cost of sales		(61,014)	(63,030)
Gross profit		22,032	20,983
Administrative expenses		(17,636)	(16,982)
Exceptional item	4	(442)	-
Profit before taxation		3,954	4,001
Tax on profit	7	(751)	(776)
Profit for the financial year		3,203	3,225

BERRYMAN'S LACE MAWER SERVICE COMPANY**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

		2020		2019	
	Notes	£000	£000	£000	£000
Current assets					
Debtors	9	4,114		5,716	
Cash at bank and in hand		3,016		824	
		<u>7,130</u>		<u>6,540</u>	
Creditors: amounts falling due within one year	10	(2,108)		(3,621)	
Net current assets			<u>5,022</u>		<u>2,919</u>
Capital and reserves					
Profit and loss reserves			<u>5,022</u>		<u>2,919</u>

The financial statements were approved by the board of directors and authorised for issue on 25 September 2020 and are signed on its behalf by:



V Williams
Director

BERRYMAN'S LACE MAWER SERVICE COMPANY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Profit and loss reserves £000
Balance at 1 April 2018		3,694
Year ended 31 March 2019:		
Profit and total comprehensive income for the year		3,225
Dividends	8	(4,000)
		<hr/>
Balance at 31 March 2019		2,919
Year ended 31 March 2020:		
Profit and total comprehensive income for the year		3,203
Dividends	8	(1,100)
		<hr/>
Balance at 31 March 2020		<u>5,022</u>

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Berrymans Lace Mawer Service Company is a private company unlimited company with shares and is registered and incorporated in England and Wales. The registered office is Berrymans Lace Mawer LLP, King's House, 42 King Street West, Manchester, M3 2NU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions for the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Berrymans Lace Mawer LLP. These consolidated financial statements are available from its registered office, King's House, 42 King Street West, Manchester, M3 2NU.

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Going concern

The Company is ultimately funded by Berryman's Lace Mawer LLP ('BLM LLP'), which is funded by a mixture of partner capital (fixed capital and retained current accounts of its members) and debt financing by banks. The directors have received confirmation from BLM LLP that resources will continue to be made available to the company for a period of at least 12 months from the date of approval of these financial statements. Having received a Bank Credit Approved Term Sheet, BLM LLP is at an advanced stage of renewing on similar terms its three year bank facility agreement, which expires on 02 November 2020. BLM LLP is confident that a new three year facility will be in place during October 2020, which will provide working capital and additional resources to support strategic investment over the course of the facility period.

In light of the Covid-19 Pandemic BLM LLP undertook a fundamental review of the financial and operational risks that the Group faced. Risk assessments were conducted and appropriate risk mitigation strategies put in place to reduce the risk to an acceptable level. Detailed consolidated financial plans and forecasts were created and stress tested to ensure that the Group is equipped to address the current and future impact of the pandemic. Plans and forecasts are constantly monitored and formally refreshed on a monthly basis.

The Directors have actively considered their financial reporting responsibilities, including the appropriateness of preparing financial statements on a going concern basis. Having considered all of the evidence available, the Directors are of the opinion that these financial statements should be prepared on a going concern basis and there are no material uncertainties that require disclosure.

Turnover

Turnover represents the total amount receivable by the company for the supply of staff and related expenses during the year excluding Value Added Tax.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss 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.

Leases

Rental expenses from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term. Rentals payable under the parent entity's lease commitments are charged to the company as incurred.

2 Judgements and key sources of estimation uncertainty

The company may on occasion need to make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Currently however, the company has not made 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.

3 Turnover and other revenue

	2020	2019
	£000	£000
Turnover analysed by class of business		
Sale of services	83,046	84,013

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Exceptional costs/(income)

	2020 £000	2019 £000
Reorganisation expenses	442	-

Exceptional items comprise reorganisation expenses, being costs incurred in the year as part of the group's reorganisation.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Solicitors and fee earners	776	853
Administration and support staff	568	607
	1,344	1,460

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	51,216	53,791
Social security costs	5,270	5,337
Pension costs	4,528	3,902
	61,014	63,030

The directors received no remuneration in respect of their services to the Company.

6 Operating profit

	2020 £000	2019 £000
Operating profit for the year is stated after charging:		
Operating lease charges	8,711	8,264

Auditor's remuneration is incurred in full by the parent entity.

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Taxation

	2020 £000	2019 £000
Current tax		
UK corporation tax on profits for the current period	751	760
Adjustments in respect of prior periods	-	16
Total current tax	<u>751</u>	<u>776</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £000	2019 £000
Profit before taxation	<u>3,954</u>	<u>4,001</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	751	760
Adjustments in respect of prior years	-	16
Taxation charge for the year	<u>751</u>	<u>776</u>

Factors affecting future tax charges

The main rate of corporation tax will remain constant at 19% from 1 April 2020.

8 Dividends

	2020 £000	2019 £000
Final paid	<u>1,100</u>	<u>4,000</u>

9 Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	4,053	5,687
Prepayments and accrued income	61	29
	<u>4,114</u>	<u>5,716</u>

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

BERRYMAN'S LACE MAWER SERVICE COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Corporation tax	312	357
Other taxation and social security	1,423	1,519
Accruals and deferred income	373	1,745
	<u>2,108</u>	<u>3,621</u>

11 Cross guarantee

In accordance with the terms of a bank facility agreement dated 2 November 2017 entered into by the entities forming part of the group headed by Berrymans Lace Mawer LLP, the company is a participant in a cross-guarantee in respect of the group's indebtedness to Barclays Bank PLC and HSBC Bank PLC. At the balance sheet date, the groups net indebtedness under this arrangement amounted to £15,619k (2019: £14,216k).

12 Retirement benefit schemes

	2020	2019
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>4,528</u>	<u>3,902</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At 31 March 2020 there was a pension accrual amounting to £383k (2019: £330k).

13 Share capital

Ordinary share capital Issued and fully paid

2 Ordinary shares of £1 each (2019: £2).

14 Related party transactions

The company has taken advantage of the exemption available under FRS 102 not to disclose transactions with group companies.

15 Ultimate controlling party

The Company's immediate controlling party is Berrymans Lace Mawer LLP, a limited liability partnership registered in England and Wales and is the smallest and largest group for the which consolidated accounts including Berrymans Lace Mawer Service Company are prepared. Copies of the Group accounts are available from the registered office of Berrymans Lace Mawer LLP.

The directors consider that no individual member of Berrymans Lace Mawer LLP has ultimate control of the Company.