

**HARRISON CLARK RICKERBYS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

HARRISON CLARK RICKERBYS LIMITED

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HARRISON CLARK RICKERBYS LIMITED

Company Information

Directors	R M Thomas R M Capper P J Parkinson C J Davies M C Hayes R G Wilkey B H Thomas S T Payne A H B Taylor A K Dhillon I M D B Anson K Scott A R Finch R K Hupfield J A Grigg H G Bengough R A Turner
Registered office	5 Deansway Worcester Worcestershire WR1 2JG
Bankers	HSBC Bank Plc 6 Broad Street Worcester Worcestershire WR1 2EJ
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

HARRISON CLARK RICKERBYS LIMITED

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of the company is the provision of legal services.

Fair review of the business

The results for the year and the financial position at the year end were considered to be satisfactory by the directors who expect to see growth in the foreseeable future.

Position of the business

The company has tangible fixed assets, including improvements to leasehold property and furniture, fittings and equipment, valued in the financial statements at £198,170 (2022 : £569,510) and trade debtors of £9,644,636 (2022 : £8,813,127). The company has loans and borrowings of £877,897 (2022 : £989,458) and trade creditors of £280,120 (2022 : £39,582).

Future developments

The external commercial environment is expected to remain challenging throughout 2023/2024, although the directors are confident that the company will maintain its current level of performance in the future.

Development and performance of the business

The results for the year, which are set out in the profit and loss account, show a profit before tax of £16,082,869 (2022 : £11,642,616).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other legal practices and changes in the legal industry. There is also an increased amount of cyber crime within the industry.

Section 172(1) statement

The directors' believe they have effectively implemented their duties under section 172 of the Companies Act 2006. The company has considered the long-term strategy of the business in the strategic report and consider this strategy will continue to deliver long term success to the business and it's stakeholders.

The company is committed to maintaining an excellent reputation and strives to achieve high standards across all areas. The company is highly selective about which suppliers are used to deliver best value while maintaining an awareness of the environmental impact of the work they do and strive to reduce their carbon footprint.

The directors' recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the employees, suppliers and customers.

In ensuring that all our stakeholders are considered as part of every decision process, we believe we act fairly between all members of the company.

Engagement with suppliers, customers and other relationships

The Directors have identified the key stakeholders of the business, and they have documented their engagement with these groups throughout the year along with how they have been considered in the making of key decisions within the year.

The Company conducts regular client surveys to better understand and improve the clients' experience and service received.

We seek to build strong, long term relationships with our suppliers working alongside them as business partners for the benefit of all.

The Company works closely with its advisors to ensure it operates in accordance with the market regulations.

Key performance indicators

Given the straightforward nature of the company, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance and position of the company.

HARRISON CLARK RICKERBYS LIMITED

Strategic Report for the Year Ended 31 March 2023

Approved by the Board on 19 December 2023 and signed on its behalf by:

.....
R M Thomas
Director

HARRISON CLARK RICKERBYS LIMITED

Directors' Report for the Year Ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors of the company

The directors who held office during the year were as follows:

R M Thomas

R M Capper

R C Morgan (ceased 21 October 2022)

P J Parkinson

K M Harris-James (ceased 31 August 2022)

C J Davies

M C Hayes

R G Wilkey

B H Thomas

S T Payne

A H B Taylor

A K Dhillon

I M D B Anson

K Scott

The following directors were appointed after the year end:

A R Finch (appointed 3 July 2023)

R K Hupfield (appointed 3 July 2023)

J A Grigg (appointed 3 July 2023)

H G Bengough (appointed 3 July 2023)

R A Turner (appointed 3 July 2023)

Streamlined Energy & Carbon Reporting

Streamlined Energy & Carbon Reporting requirements are disclosed in the immediate parent company accounts.

HARRISON CLARK RICKERBYS LIMITED

Directors' Report for the Year Ended 31 March 2023

Engagement with suppliers, customers and other relationships

The Directors have identified the key stakeholders of the business, and they have documented their engagement with these groups throughout the year along with how they have been considered in the making of key decisions within the year.

The Company conducts regular client surveys to better understand and improve the clients' experience and service received.

We seek to build strong, long term relationships with our suppliers working alongside them as business partners for the benefit of all.

The Company works closely with its advisors to ensure it operates in accordance with the market regulations.

Financial instruments

Objectives and policies

The company does not actively use financial instruments as part of its financial risk management.

Price risk, credit risk, liquidity risk and cash flow risk

The management of the company and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other legal practices and changes in the legal industry.

The company has sufficient financial resources available and is currently trading profitably and generating cash. The directors have prepared forecasts for the next 12 months that indicate that this trend will continue. The directors believe that the entity has sufficient resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 19 December 2023 and signed on its behalf by:

.....
R M Thomas
Director

HARRISON CLARK RICKERBYS LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 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.

HARRISON CLARK RICKERBYS LIMITED

Independent Auditor's Report to the Members of Harrison Clark Rickerbys Limited

Opinion

We have audited the financial statements of Harrison Clark Rickerbys Limited (the 'company') for the year ended 31 March 2023, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 company's affairs as at 31 March 2023 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.

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 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.

Matters on which we are required to report by exception

In the light of our 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.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

HARRISON CLARK RICKERBYS LIMITED

Independent Auditor's Report to the Members of Harrison Clark Rickerbys Limited

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 March 2023 has been undertaken;
- Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
- Challenging assumptions and judgements made by management in its significant accounting estimates.
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

HARRISON CLARK RICKERBYS LIMITED

Independent Auditor's Report to the Members of Harrison Clark Rickerbys Limited

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.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

.....
Jon Cartwright (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

20 December 2023

HARRISON CLARK RICKERBYS LIMITED

Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	<u>3</u>	71,877,286	63,385,500
Gross profit		71,877,286	63,385,500
Administrative expenses		<u>(58,730,850)</u>	<u>(51,887,858)</u>
Operating profit	<u>4</u>	13,146,436	11,497,642
Other interest receivable and similar income	<u>5</u>	3,094,900	168,399
Interest payable and similar charges	<u>6</u>	<u>(158,467)</u>	<u>(23,425)</u>
		2,936,433	144,974
Profit before tax		16,082,869	11,642,616
Taxation	<u>10</u>	<u>(3,394,117)</u>	<u>(2,561,375)</u>
Profit for the financial year		<u>12,688,752</u>	<u>9,081,241</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

HARRISON CLARK RICKERBYS LIMITED

(Registration number: 07033248)

Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	<u>11</u>	640,002	1,953,163
Tangible assets	<u>12</u>	198,170	569,510
Investments	<u>13</u>	100	100
		<u>838,272</u>	<u>2,522,773</u>
Current assets			
Debtors	<u>14</u>	27,333,736	24,477,891
Cash at bank and in hand	<u>15</u>	1,555,041	6,246,228
		28,888,777	30,724,119
Creditors: Amounts falling due within one year	<u>16</u>	(10,028,404)	(14,820,647)
Net current assets		<u>18,860,373</u>	<u>15,903,472</u>
Total assets less current liabilities		19,698,645	18,426,245
Creditors: Amounts falling due after more than one year	<u>16</u>	(1,000,000)	(2,000,000)
Provisions for liabilities	<u>18</u>	(1,658,360)	(1,730,958)
Net assets		<u>17,040,285</u>	<u>14,695,287</u>
Capital and reserves			
Called up share capital	<u>20</u>	85,194	96,031
Share premium reserve		7,843,079	7,058,192
Capital redemption reserve		65,552	44,702
Profit and loss account		<u>9,046,460</u>	<u>7,496,362</u>
Total equity		<u>17,040,285</u>	<u>14,695,287</u>

Approved and authorised by the Board on 19 December 2023 and signed on its behalf by:

.....
R M Thomas

Director

The notes on pages 15 to 28 form an integral part of these financial statements.

HARRISON CLARK RICKERBYS LIMITED

Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2022	96,031	7,058,192	44,702	7,496,362	14,695,287
Profit for the year	-	-	-	12,688,752	12,688,752
Dividends	-	-	-	(8,990,381)	(8,990,381)
New share capital subscribed	10,013	784,887	-	-	794,900
Purchase of own share capital	(20,850)	-	20,850	(2,148,273)	(2,148,273)
At 31 March 2023	85,194	7,843,079	65,552	9,046,460	17,040,285
At 1 April 2021	79,831	4,903,142	33,750	8,448,316	13,465,039
Profit for the year	-	-	-	9,081,241	9,081,241
Dividends	-	-	-	(8,613,577)	(8,613,577)
New share capital subscribed	27,150	2,155,050	-	-	2,182,200
Purchase of own share capital	(10,950)	-	10,952	(1,419,618)	(1,419,616)
At 31 March 2022	96,031	7,058,192	44,702	7,496,362	14,695,287

The notes on pages 15 to 28 form an integral part of these financial statements.

HARRISON CLARK RICKERBYS LIMITED

Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		12,688,752	9,081,241
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>4</u>	1,684,501	1,471,970
Finance income	<u>5</u>	(3,094,900)	(168,399)
Finance costs	<u>6</u>	158,467	23,425
Corporation tax expense	<u>10</u>	3,394,117	2,561,375
		<u>14,830,937</u>	<u>12,969,612</u>
Working capital adjustments			
Increase in debtors	<u>14</u>	(2,855,845)	(7,840,159)
(Decrease)/increase in creditors	<u>16</u>	(6,179,621)	5,438,839
(Decrease)/increase in provisions	<u>18</u>	(72,598)	877,208
Cash generated from operations		5,722,873	11,445,500
Corporation tax paid	<u>10</u>	(2,895,178)	(2,159,329)
Net cash flow from operating activities		<u>2,827,695</u>	<u>9,286,171</u>
Cash flows from investing activities			
Interest received	<u>5</u>	3,094,900	168,399
Purchase of tangible fixed assets		-	(432,290)
Acquisition of intangible assets	<u>11</u>	-	(600,000)
Net cash flows from investing activities		<u>3,094,900</u>	<u>(863,891)</u>
Cash flows from financing activities			
Interest paid	<u>6</u>	(158,467)	(23,425)
Proceeds from issue of ordinary shares, net of issue costs		794,900	2,182,200
Payments for purchase of own shares		(2,148,273)	(1,419,618)
Value of new loans obtained during the year		1,609,477	1,629,750
Repayment of loans and borrowings		(1,720,413)	(1,418,544)
Dividends paid	<u>22</u>	(8,990,381)	(8,613,577)
Net cash flows from financing activities		<u>(10,613,157)</u>	<u>(7,663,214)</u>
Net (decrease)/increase in cash and cash equivalents		(4,690,562)	759,066
Cash and cash equivalents at 1 April 2022	<u>15</u>	6,245,603	5,486,537
Cash and cash equivalents at 31 March 2023	<u>15</u>	<u>1,555,041</u>	<u>6,245,603</u>

The notes on pages 15 to 28 form an integral part of these financial statements.

HARRISON CLARK RICKERBYS LIMITED**Statement of Cash Flows for the Year Ended 31 March 2023****Analysis of changes in net debt**

	At 1 April 2022	Financing cash flows	At 31 March 2023
	£	£	£
Cash and cash equivalents			
Cash	6,246,228	(4,691,187)	1,555,041
Overdrafts	(625)	625	-
	<u>6,245,603</u>	<u>(4,690,562)</u>	<u>1,555,041</u>
	<u>6,245,603</u>	<u>(4,690,562)</u>	<u>1,555,041</u>

The notes on pages 15 to 28 form an integral part of these financial statements.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

5 Deansway
Worcester
Worcestershire
WR1 2JG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is pounds sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest pound.

Name of parent of group

These financial statements are consolidated in the financial statements of HCR Legal LLP.

The financial statements of HCR Legal LLP may be obtained from the company's registered office..

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small group.

Going concern

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

Exemption from preparing group accounts

The financial statements contain information about Harrison Clark Rickerbys Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, HCR Legal LLP.

Judgements

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

Key sources of estimation uncertainty

Bad debt provision - Due to the nature of the business, there are high levels of trade receivables at the year end, and therefore a risk that some of these balances may be irrecoverable. A bad debt review is carried out by the credit control team where debts are assessed and provided against when the recoverability of these balances is considered to be uncertain. The carrying amount is £954,838 (2022: £1,318,141).

Amounts recoverable on contracts - The process of assessing amounts recoverable on contracts requires various estimates and judgements to be made. Legal staff are required to record time spent on client assignments, this is used as the basis for the amounts recoverable on contracts estimate. A year end report of time on all assignments is circulated to fee earners to identify likely recoverable amounts. Matters that have been carried out on a contingent basis (where the contingent event is yet to occur) are removed from the valuation. The carrying amount is £15,173,628 (2022: £12,978,731).

Client claims provision - The client claims provision is based on a review of potential claims and an assessment of any potential settlements that are considered likely as a result of these. The carrying amount is £778,000 (2022: £896,000).

Dilapidations - a provision for dilapidations on the company's property leases is being built up each year based on the amount expected to be payable at the cessation of the leases. The carrying amount is £835,995 (2022: £834,958).

Revenue recognition

Turnover represents the fair value of services provided during the year on client assignments. Fair value reflects the amounts expected to be recoverable from clients based on time spent, skills provided and expenses incurred, and excludes VAT. Fee income is recognised as contract activity progresses and the right to consideration is secured, except where the final outcome cannot be assessed with reasonable certainty.

Fee income in respect of contingent fee assignments is recognised in the period when the contingent event occurs and collectability of the fee is assured.

Unbilled fee income on individual assignments is included as amounts recoverable on contracts within debtors.

Tax

The corporation tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK, where the group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the term of the lease or 20% of cost per annum
Furniture, fittings and equipment	15%-33% of cost per annum

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10% of cost per annum

Fixed asset investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call 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 change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. If necessary, they are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost is represented by legal staff employment costs plus direct production overheads attributable to partners and legal staff. Net realisable value is the estimated fee charged less further costs expected to be incurred to completion.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, and it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as an employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and/or amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying value and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the Balance Sheet when there is an 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.

Impairment

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.

A non-financial 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 ('CGUs') 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 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.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

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.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023 £	2022 £
Rendering of services	71,446,084	63,082,491
Other revenue	431,202	303,009
	<u>71,877,286</u>	<u>63,385,500</u>

The analysis of the company's turnover for the year by market is as follows:

	2023 £	2022 £
UK	<u>71,877,286</u>	<u>63,385,500</u>

4 Operating profit

Arrived at after charging/(crediting)

	2023 £	2022 £
Depreciation expense	371,340	153,198
Amortisation expense	1,313,161	1,318,772
Operating lease expense - property	<u>965,097</u>	<u>1,122,024</u>

5 Other interest receivable and similar income

	2023 £	2022 £
Interest income on bank deposits	<u>3,094,900</u>	<u>168,399</u>

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

6 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and borrowings	(6,451)	14,953
Interest expense on other finance liabilities	164,918	8,472
	<u>158,467</u>	<u>23,425</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £	2022 £
Wages and salaries	(171)	128,200
Pension costs, defined contribution scheme	477,053	206,852
	<u>476,882</u>	<u>335,052</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Directors	<u>11</u>	<u>12</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £
Remuneration	121,411	103,200
Contributions paid to money purchase schemes	477,053	206,852
	<u>598,464</u>	<u>310,052</u>

9 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>24,250</u>	<u>22,660</u>

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

10 Taxation

Tax charged/(credited) in the profit and loss account

	2023 £	2022 £
Current taxation		
UK corporation tax	<u>3,394,117</u>	<u>2,561,375</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>16,082,869</u>	<u>11,642,616</u>
Corporation tax at standard rate	3,055,745	2,212,097
Tax increase from effect of capital allowances and depreciation	<u>338,372</u>	<u>349,278</u>
Total tax charge	<u>3,394,117</u>	<u>2,561,375</u>

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

11 Intangible assets

	Goodwill £
Cost	
At 1 April 2022 and 31 March 2023	13,287,725
Amortisation	
At 1 April 2022	11,334,562
Amortisation charge	<u>1,313,161</u>
At 31 March 2023	<u>12,647,723</u>
Carrying amount	
At 31 March 2023	<u><u>640,002</u></u>
At 31 March 2022	<u><u>1,953,163</u></u>

12 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2022 and 31 March 2023	703,227	1,410,800	2,114,027
Depreciation			
At 1 April 2022	483,498	1,061,019	1,544,517
Charge for the year	<u>46,728</u>	<u>324,612</u>	<u>371,340</u>
At 31 March 2023	<u>530,226</u>	<u>1,385,631</u>	<u>1,915,857</u>
Carrying amount			
At 31 March 2023	<u><u>173,001</u></u>	<u><u>25,169</u></u>	<u><u>198,170</u></u>
At 31 March 2022	<u><u>219,729</u></u>	<u><u>349,781</u></u>	<u><u>569,510</u></u>

Included within the net book value of leasehold improvements above is £173,001 (2022 - £219,729) in respect of long leasehold land and buildings.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

13 Investments in subsidiaries, joint ventures and associates

	2023 £	2022 £
Investments in subsidiaries	100	100
Subsidiaries		£
Cost		
At 1 April 2022 and 31 March 2023		100
Carrying amount		
At 31 March 2023		100
At 31 March 2022		100

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Subsidiary undertakings				
Medical Accident Group Limited	5 Deansway Worcester WR1 2JG England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Medical Accident Group Limited

The principal activity of Medical Accident Group Limited is provision of legal services.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

14 Debtors

	2023 £	2022 £
Trade debtors	9,644,636	8,813,127
Amounts owed by related parties	1,016,281	1,341,735
Other debtors	34,346	53,422
Prepayments	1,391,624	1,107,726
Amounts recoverable on contracts	15,173,628	12,978,731
Work in progress	73,221	183,150
	<u>27,333,736</u>	<u>24,477,891</u>
Total current trade and other debtors		

15 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	501	12,256
Cash at bank	1,554,540	6,233,972
	<u>1,555,041</u>	<u>6,246,228</u>
Bank overdrafts	-	(625)
Cash and cash equivalents in statement of cash flows	<u>1,555,041</u>	<u>6,245,603</u>

16 Creditors

	Note	2023 £	2022 £
Due within one year			
Loans and borrowings	17	877,897	989,458
Trade creditors		280,120	39,582
Amounts due to related parties		4,319,848	9,329,503
Social security and other taxes		179,726	82,255
Other creditors		1,015,666	1,927,043
Accrued expenses		846,148	442,746
Corporation tax liability	10	2,508,999	2,010,060
		<u>10,028,404</u>	<u>14,820,647</u>
Due after one year			
Other non-current financial liabilities		<u>1,000,000</u>	<u>2,000,000</u>

Included in other creditors are directors' loan accounts which are secured by a fixed and floating charge over the assets of the company.

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

17 Loans and borrowings

	2023 £	2022 £
Current loans and borrowings		
Bank borrowings	877,897	954,608
Bank overdrafts	-	625
Other borrowings	-	34,225
	<u>877,897</u>	<u>989,458</u>

Bank borrowings, overdrafts and other borrowings are secured by fixed and floating charges over the assets of the company. The interest rate on these borrowings range from 1.5% to 8.4%.

18 Deferred tax and other provisions

	Dilapidations provision £	Deferred tax £	Client claims provisions £	Total £
At 1 April 2022	834,958	-	896,000	1,730,958
Additional provisions	-	44,365	503,000	547,365
Increase (decrease) in existing provisions	1,037	-	(418,855)	(417,818)
Provisions used	-	-	(202,145)	(202,145)
At 31 March 2023	<u>835,995</u>	<u>44,365</u>	<u>778,000</u>	<u>1,658,360</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £477,053 (2022 - £206,852).

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

20 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary 'A' shares of £1.70 each	28,526	48,494.20	33,277	56,570.90
Ordinary 'B' shares of £1 each	14,000	14,000	14,000	14,000
Ordinary 'C' shares of £1 each	22,700	22,700	25,460	25,460
	<u>65,226</u>	<u>85,194</u>	<u>72,737</u>	<u>96,031</u>

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	1,116,666	670,882
Later than one year and not later than five years	3,076,712	1,543,256
Later than five years	<u>787,664</u>	<u>1,083,234</u>
	<u>4,981,042</u>	<u>3,297,372</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £716,170 (2022 - £1,122,024).

HARRISON CLARK RICKERBYS LIMITED

Notes to the Financial Statements for the Year Ended 31 March 2023

22 Dividends

	2023 £	2022 £
Dividends paid	<u>8,990,381</u>	<u>8,613,577</u>
	2023 £	2022 £
During the year dividends in respect of shareholders	<u>8,990,381</u>	<u>8,613,577</u>
	<u>8,990,381</u>	<u>8,613,577</u>

23 Related party transactions

99 High Street, Worcester

(a property which some of the directors own through their ownership in HCR Legal LLP, which owns a share of the property)

During the year Harrison Clark Rickerbys Limited was invoiced £63,100 (2022 - £63,100) for the rental of office space partly owned by HCR Legal LLP.

24 Parent and ultimate parent undertaking

The company's immediate parent is HCR Legal LLP, incorporated in England and Wales.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.