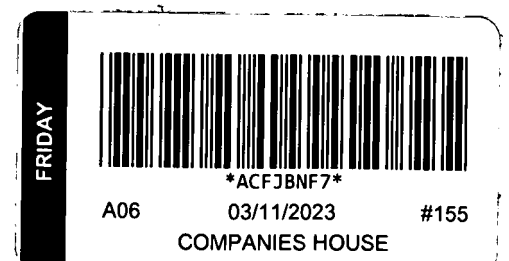


Forsters LLP

Members' Report and Financial Statements  
for the year ended 31 March 2023



# **Forsters LLP**

## **Members' Report and Financial Statements for the year ended 31 March 2023**

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# Forsters LLP

## Members' report for the year ended March 2023

The Members of Forsters LLP present their report together with the audited consolidated financial statements of Forsters LLP and its subsidiary undertakings ("the Group") for the year ended 31 March 2023.

Forsters LLP is a limited liability partnership incorporated in England and Wales. Its registered office is 31 Hill Street, London, W1J 5LS.

### Principal activities

The Group's principal activity is the provision of legal services.

### Group structure

The consolidated financial statements comprise the financial statements of Forsters LLP and its subsidiary undertakings. The principal subsidiary undertaking of Forsters LLP as at 31 March 2023 is Forsters Service Company Limited.

### Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of Forsters LLP during the year were:

E Exton	J Edwards
C Thompson	N Rees
C Hill (appointed 1 Sep 2022)	S Edwards (resigned 31 Aug 2022)
G Dunn	

### Financing and the subscription and repayment of members' capital

The LLP is financed through a combination of members' capital, undistributed profits and borrowing facilities provided by its primary bank.

The total amount of members' capital contributions is agreed by the members, having regard to the requirements of the Group. Individual members' capital contributions are set by reference to equity profit share proportion and are repayable, at par, following the member's retirement. Bank facilities are maintained at levels sufficient to meet the expected peak cash requirements of the Group. The members are satisfied that the facilities will be renewed at levels which will maintain prudent headroom over the Group's forecast peak borrowing requirements over the next twelve months.

### Members' profit shares

Members are remunerated solely out of the profits of the LLP and are personally responsible for funding pensions and other benefits. Profit sharing ratios are determined by the senior equity members.

### Profit allocation and members' drawings

Profits are allocated each year as profit is generated. According to the revised LLP SORP (December 2021) and per the Forsters LLP Members' Agreement, all of the profits arising in a particular financial year will be distributed to the members of the LLP.

During the year members receive monthly drawings, and, from time to time, additional profit distributions. The level and timing of the additional distributions is decided by the senior equity members, taking into account the Group's cash requirements for operating and investing activities. The monthly drawings represent payments on account of current year profits. Any over-distribution of profits during the year is recoverable from members.

# Forsters LLP

## Members' report for the year ended March 2023 (continued)

### Members' responsibilities statement

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and LLP financial statements in accordance with UK Accounting Standards including FRS102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland. Under company law as applied to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group for that period.

In preparing these financial statements the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS102 has 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 Group and the LLP will continue in business.

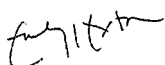
The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the LLP and enable them to ensure that the financial statements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

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

### Independent auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditors to the LLP

### Approved by the members of Forsters LLP and signed on their behalf



**E J Exton**

Designated Member

31 October 2023

# Forsters LLP

## Independent auditor's report to the members of Forsters LLP for the year ended 31 March 2023

### Opinion

We have audited the financial statements of Forsters LLP (the "parent LLP") and its subsidiaries (the "group") for the year ended 31 March 2022 which comprise the consolidated profit & loss account, Group and limited liability partnership (LLP) balance sheets, Consolidated cash flow statement, Reconciliation of movements in members' interests (incorporating the statement of changes in equity) and notes to the financial statements, including 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 LLP'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 as applied to LLPs.

### 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 group 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

In auditing the financial statements, we have concluded that the members' 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 group's or parent LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The members are responsible for the other information contained within the annual report. 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 we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

## Independent auditor's report to the members of Forsters LLP for the year ended 31 March 2023 (continued)

### Matters on which we are required to report by exception

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

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

### Responsibilities of members

As explained more fully in the members' responsibilities statement as set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent auditor's report to the members of Forsters LLP for the year ended 31 March 2023 (continued)

### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory frameworks within which the group and parent LLP operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, as applied to LLP's, taxation legislation and those regulations related to the firm's activities as a firm of solicitors.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud, to be the override of controls by management, revenue recognition and the provision for client debts. Our audit procedures to respond to these risks included enquires of management about their own identification and assessment of the risk of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and specific testing on client engagements in relation to revenue recognition and the recoverability of client debts.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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 LLP's members, as a body, in accordance with the Companies Act 2006 as applied to LLPs. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steve Gale

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

1 November 2023

## Forsters LLP

### Consolidated profit & loss account for the year ended 31 March 2023

	Note	Group 2023 £'000	Group 2022 £'000
Turnover	1	75,608	69,393
Operating costs	2	(51,698)	(46,506)
Other income	3	1,336	75
<b>Operating profit</b>		<b>25,246</b>	<b>22,962</b>
Interest payable and similar charges	6	(63)	(36)
<b>Profit before taxation</b>	5	<b>25,183</b>	<b>22,926</b>
Tax on profit	8	(452)	(399)
<b>Profit for the financial year before members' remuneration</b>		<b>24,731</b>	<b>22,527</b>
Members' remuneration charged as an expense		(24,731)	(22,527)
<b>Profit for the financial year available for discretionary division among members</b>		<b>-</b>	<b>-</b>



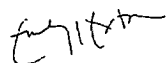
# Forsters LLP

## Group and limited liability partnership (LLP) balance sheets as at 31 March 2023

		Group	LLP	Group	LLP
		2023	2023	2022	2022
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	9	297	4	231	-
Tangible assets	10	1,247	771	982	298
		1,544	775	1,213	298
Deferred tax	14	61	-	81	-
<b>Current assets</b>					
Amounts recoverable on contracts		7,617	7,617	7,195	7,195
Debtors	12	33,022	32,116	28,331	26,453
Cash at bank and in hand		591	360	89	87
		41,230	40,093	35,615	33,735
<b>Creditors: amounts falling due within one year</b>	13	(14,071)	(12,627)	(9,078)	(7,006)
<b>Net current assets</b>		27,159	27,466	26,537	26,729
Provision for liabilities	15	(3,914)	(3,521)	(4,068)	(3,438)
<b>Net assets attributable to members</b>		<b>24,850</b>	<b>24,720</b>	<b>23,763</b>	<b>23,589</b>
<b>Represented by:</b>					
<b>Loans and other debts due to members</b>		<b>24,850</b>	<b>24,720</b>	<b>23,763</b>	<b>23,589</b>
<b>Total members' interests</b>		<b>24,850</b>	<b>24,720</b>	<b>23,763</b>	<b>23,589</b>

The LLP's profit for the financial year before members' remuneration amounted to £24,773,000 (2022: £23,829,000).

These financial statements of Forsters LLP (registered number OC306185) on pages 8 to 26 were approved by the members and signed on their behalf on 31 October 2023 by:



.....  
E J Exton  
Designated Member

# Forsters LLP

## Consolidated cash flow statement for the year ended 31 March 2023

	Group 2023 £'000	Group 2022 £'000
<b>Cash flows from operating activities</b>		
Operating profit	25,246	22,962
Adjustments for:		
Amortisation and depreciation	775	1,041
Interest paid	(63)	(36)
Corporation tax paid	(341)	(466)
(Increase) / decrease in debtors	(4,691)	915
(Increase) / decrease in amounts recoverable on contracts	(422)	777
Increase / (decrease) in creditors	1,270	(4,437)
Increase in provisions	(154)	(1,737)
<b>Cash from operations before transactions with members</b>	<b>21,620</b>	<b>19,019</b>
Drawings and distributions to members	(23,060)	(21,629)
<b>Net cash used in operating activities</b>	<b>(1,440)</b>	<b>(2,610)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure and financial investment	(1,106)	(832)
<b>Net cash used in investing activities</b>	<b>(1,106)</b>	<b>(832)</b>
<b>Cash flows from financing activities</b>		
Capital contributions returned to members	(584)	(246)
<b>Net cash used in financing activities</b>	<b>(584)</b>	<b>(246)</b>
<b>Net cash decrease in cash and cash equivalents</b>	<b>(3,130)</b>	<b>(3,688)</b>
Cash and cash equivalents at beginning of year	(931)	2,757
<b>Cash and cash equivalents at end of year</b>	<b>(4,061)</b>	<b>(931)</b>

# Forsters LLP

## Consolidated cash flow statement for the year ended 31 March 2023 (continued)

### Reconciliation of net debt

	At 1 April 2022 £'000	Cash flow £'000	Non-cash changes £'000	At 31 March 2023 £'000
Cash at bank and in hand	89	502	-	591
Bank overdrafts	(1,020)	(3,632)	-	(4,652)
<b>Net debt (before members' interests)</b>	<b>(931)</b>	<b>(3,130)</b>	<b>-</b>	<b>(4,061)</b>
<i>Loans and other debts due to members</i>				
Members' capital	(9,506)	584	-	(8,922)
Other amounts due to members	(14,257)	23,060	(24,731)	(15,928)
<b>Net debt (after members' interests)</b>	<b>(24,694)</b>	<b>20,514</b>	<b>(24,731)</b>	<b>(28,911)</b>

## Forsters LLP

### Reconciliation of movements in members' interests (incorporating the statement of changes in equity) for the year ended 31 March 2023

Group	Loans and other debts due to/(from) members			Other reserves (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts	Total		
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 April 2022</b>	9,506	14,257	23,763	-	23,763
Members' remuneration charged as an expense	-	24,731	24,731	-	24,731
Profit for the financial year available for discretionary division among members	-	-	-	-	-
<b>Members' interests after profit for the year</b>	<b>9,506</b>	<b>38,988</b>	<b>48,494</b>	<b>-</b>	<b>48,494</b>
Introduced by members	(584)	-	(584)	-	(584)
Drawings and distributions	-	(23,060)	(23,060)	-	(23,060)
<b>Members' interests at 31 March 2023</b>	<b>8,922</b>	<b>15,928</b>	<b>24,850</b>	<b>-</b>	<b>24,850</b>

LLP	Loans and other debts due to/(from) members			Other reserves (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts	Total		
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 April 2022</b>	9,506	14,083	23,589	-	23,589
Members' remuneration charged as an expense	-	24,773	24,773	-	24,773
Profit for the financial year available for discretionary division among members	-	-	-	-	-
<b>Members' interests after profit for the year</b>	<b>9,506</b>	<b>38,856</b>	<b>48,362</b>	<b>-</b>	<b>48,362</b>
Introduced by members	(584)	-	(584)	-	(584)
Drawings and distributions	-	(23,058)	(23,058)	-	(23,058)
<b>Members' interests at 31 March 2023</b>	<b>8,922</b>	<b>15,798</b>	<b>24,720</b>	<b>-</b>	<b>24,720</b>

# Forsters LLP

## Reconciliation of movements in members' interests (incorporating the statement of changes in equity) for the year ended 31 March 2022 (continued)

Group	Loans and other debts due to/(from) members			Other reserves (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts	Total		
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 April 2021 (as previously presented)</b>	9,752	11,125	20,877	2,234	23,111
Impact of re-presentation	-	2,234	2,234	(2,234)	-
<b>Members' interests at 1 April 2021</b>	9,752	13,359	23,111	-	23,111
Members' remuneration charged as an expense	-	22,527	22,527	-	22,527
<b>Members' interests after profit for the year</b>	<b>9,752</b>	<b>35,886</b>	<b>45,638</b>	-	<b>45,638</b>
Introduced by members	(246)	-	(246)	-	(246)
Drawings and distributions	-	(21,629)	(21,629)	-	(21,629)
<b>Members' interests at 31 March 2022</b>	<b>9,506</b>	<b>14,257</b>	<b>23,763</b>	-	<b>23,763</b>

LLP	Loans and other debts due to/(from) members			Other reserves (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts	Total		
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 April 2021 (as previously presented)</b>	9,752	11,440	21,192	442	21,634
Impact of re-presentation	-	442	442	(442)	-
<b>Members' interests at 1 April 2021</b>	9,752	11,882	21,634	-	21,634
Members' remuneration charged as an expense	-	23,829	23,829	-	23,829
Profit for the financial year available for discretionary division among members	-	-	-	-	-
<b>Members' interests after profit for the year</b>	<b>9,752</b>	<b>35,711</b>	<b>45,463</b>	-	<b>45,463</b>
Introduced by members	(246)	-	(246)	-	(246)
Drawings and distributions	-	(21,628)	(21,628)	-	(21,628)
<b>Members' interests at 31 March 2022</b>	<b>9,506</b>	<b>14,083</b>	<b>23,589</b>	-	<b>23,589</b>

## **Forsters LLP**

### **Reconciliation of movements in members' interests (incorporating the statement of changes in equity) for the year ended 31 March 2023 (continued)**

"Other amounts" included within Loans and other debts due to/ (from) members represent allocated profits not yet paid to members and are due within one year. The basis on which profits are allocated is described in the accounting policies.

In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors; members' other interests (other reserves) rank after unsecured creditors and no additional protection is afforded to creditors.

Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the Group. Individual members' capital contributions are set by reference to profit share proportions and are not repayable until the member retires.

## Accounting policies

### Statutory information

Forsters LLP is a limited liability partnership incorporated in England and Wales, with registered number OC306185. Its registered office is 31 Hill Street, London, W1J 5LS.

The LLP is regulated by the Solicitors' Regulation Authority and operates from offices wholly within the UK.

The principal accounting policies adopted in the presentation of these financial statements are summarised below.

These policies have all been applied consistently throughout the current year and preceding year.

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Companies Act 2006, as applied to the Statement of Recommended Practice, Accounting by Limited Liability Partnerships (December 2021). In order to comply with the revised LLP SORP to reflect automatic division of all profits, the profit for the financial year available for discretionary division among the members in the profit & loss statement has been restated for the prior year.

### Going concern

The LLP continually forecasts and projects its results and cash flows. The members of the LLP expect it to continue to operate within the level of its current facilities and continue in operational existence for the foreseeable future. Therefore, the LLP continues to adopt the going concern basis in preparing its financial statements.

### Consolidation

The financial statements consolidate the results and financial position of Forsters LLP and its subsidiary undertakings ("the Group").

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented for the LLP. The LLP has taken advantage of the exemptions within FRS 102 to not present its own cash flow statement, analysis of financial assets and liabilities, and certain related party transaction disclosures.

### Turnover

Turnover represents amounts chargeable to clients for professional services provided during the year excluding sales tax and third-party invoiced disbursements. Revenue is recognised on an individual engagement basis when the right to consideration has been obtained from the client in exchange for work performed and where the recoverability of the consideration can be assessed with reasonable certainty. Turnover in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs and collectability of the fee is assured.

Unbilled turnover on individual client assignments is included in amounts recoverable on contracts within debtors.

Services provided to clients which had not been billed at the balance sheet date are recognised as turnover. Turnover is recognised based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the firm's control. Unbilled revenue is included in amounts recoverable on contracts.

Costs in respect of contingent fee engagements are written off to the profit and loss account as incurred until the contingent event occurs and recovery of the fee is assured. However, where there is a minimum fee, work in progress is recognised at the lower of cost and the minimum fee.

# Forsters LLP

## Accounting policies (continued)

### Trade debtors

Provision is made for unpaid bills and unbilled disbursements not considered recoverable at the balance sheet date.

### Leases

#### *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### *Lease incentives*

Benefits received as an incentive to sign a lease are spread on a straight-line basis over the lease term.

### Taxation

Income tax payable on the profits of the LLP is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. Current tax only arises in the subsidiary undertaking and is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

### Deferred taxation

Deferred tax only arises in the subsidiary undertaking and is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

### Intangible fixed assets

Computer software is stated at cost, including incidental costs of acquisition, less accumulated amortisation. Amortisation is calculated so as to write off the cost less estimated residual value, on a straight-line basis over 3 to 5 years.

### Tangible fixed assets

Tangible fixed assets are stated at cost, including incidental costs of acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the following estimated economic lives:

Leasehold property improvements	5 years or shorter leasehold term
Fittings, furnishings & equipment	6 years
Computer equipment	3 years

Repairs and maintenance costs are charged to the profit and loss account as incurred.



## Accounting policies (continued)

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### Financial instruments

Investments in subsidiaries are valued at cost less provision for impairment. Basic financial instruments are recognised at amortised cost.

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as accrued income, trade and other receivables, accruals and trade and other payables. Short term receivables are measured at transaction price, less any impairment. Short term payables are measured at the transaction price. Other financial liabilities are measured at fair value.

### Provisions

#### *Professional indemnity claims*

The Group may be involved in disputes in the ordinary course of business, which may give rise to claims. The Group carries professional indemnity insurance and the cost of premiums is charged to the profit and loss account over the period of such insurance. Provision is made in the financial statements on a prudent basis for all known claims where costs are likely to be incurred, and represents an assessment of the cost of defending and concluding claims. Where claims are covered by professional indemnity insurance, an equivalent insurance recoverable is recognised within debtors and no separate disclosure is made of the cost and nature of claims covered by insurance, as to do so could seriously prejudice the position of the Group. No amounts are provided in respect of claims where the liability is possible but not considered likely, or in respect of potential claims.

### Pension costs and other post-retirement benefits

Staff pension costs relating to the Group's defined contribution schemes are charged to the profit and loss account as incurred.

### Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Profits divided only after a decision by the LLP are classed as members' remuneration charged as an expense in the Profit and Loss Account and are shown under loans and other debts due to the members in the Balance Sheet.

Drawings and distributions to members are classified as operating activities in the consolidated cash flow statement.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

## Accounting policies (continued)

### Allocation of profits and drawings

Profits are allocated to members in line with the Members' Agreement. To the extent that profit allocations exceed drawings then the excess profit is included in the balance sheet under "Loans and other debts due to members". Where drawings exceed the allocated profits then the excess is included in "Debtors". The same treatment is used for members who retire during the year. Unallocated profits, together with any other differences between allocated and accounting profits, are included in other reserves within "Members' other interests".

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to revenue recognition and the recoverability of receivables.

### Judgements in applying accounting policies, and key sources of estimation uncertainty

The preparation of the financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023

### 1. Turnover

Turnover and operating profit relate wholly to the provision of legal services within the United Kingdom.

### 2. Operating costs

	Group 2023 £'000	Group 2022 £'000
Staff costs (note 4)	35,242	31,272
Other external charges	15,681	14,193
Depreciation and other amounts written off tangible and intangible fixed assets (notes 9 and 10)	775	1,041
	<b>51,698</b>	<b>46,506</b>

### 3. Other income

Other income relates to surplus interest earned through the firm's client bank accounts in excess of amounts due to clients.

### 4. Staff costs

	Group 2023 £'000	Group 2022 £'000
Wages and salaries	30,307	27,013
Social security costs	3,429	2,928
Other pension costs (note 18)	1,506	1,331
	<b>35,242</b>	<b>31,272</b>

The average monthly number of employees (excluding members) in the LLP and subsidiary undertaking during the year was:

	2023 Number	2022 Number
Fee earners	231	219
Support staff	215	194
	<b>446</b>	<b>413</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 5. Profit before taxation

	Group 2023 £'000	Group 2022 £'000
Profit before taxation is stated after charging:		
Amortisation of owned intangible fixed assets (note 9)	160	254
Depreciation of owned tangible fixed assets (note 10)	615	787
Operating lease rentals - for land and buildings	2,133	2,684
Fees payable to the auditors for the audit of the LLP's annual financial statements	37	31
Fees payable to the auditors for other services:		
- the audit of the LLP's subsidiary, pursuant to legislation	8	6
- other services pursuant to legislation	24	23
- tax services	6	5

### 6. Interest payable and similar charges

	Group 2023 £'000	Group 2022 £'000
Interest payable and similar charges:		
- on bank loans and overdrafts	64	36
- other interest	(1)	-
	63	36

### 7. Members

The average monthly number of members during the year was:

	2023 Number	2022 Number
Senior equity members	35	35
Equity members	30	25
	65	60

The profits are allocated to members in accordance with the agreed profit sharing arrangements. The average member's remuneration during the year was £393,000 (2022: £381,000). The profit attributable to the member with the largest entitlement to profit was £688,000 (2022: £652,000).

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 8. Tax on profit

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

The tax charge, which arises in the corporate entities, included within these financial statements is:

	2023 £'000	2022 £'000
<b>Current tax</b>		
United Kingdom corporation tax on profits for the year	449	363
Adjustment in respect of previous years	(17)	14
<b>Total current tax</b>	<b>432</b>	<b>377</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 14)	20	54
Effect of changes in tax rates	-	(32)
<b>Total deferred tax</b>	<b>20</b>	<b>22</b>
<b>Taxation on profit on ordinary activities</b>	<b>452</b>	<b>399</b>

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Profit of corporate entity before taxation	2,283	2,071
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	434	394
Expenses not deductible for tax purposes	31	11
Adjust opening deferred tax to average rate of 19%	4	(20)
Adjustments to tax charge in respect of prior years	(17)	14
<b>Total tax charge for the year</b>	<b>452</b>	<b>399</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 9. Intangible assets

Computer software	Group £'000	LLP £'000
<b>Cost</b>		
At 1 April 2022	2,945	1,382
Additions	226	6
<b>At 31 March 2023</b>	<b>3,171</b>	<b>1,388</b>
<b>Accumulated amortisation</b>		
At 1 April 2022	2,714	1,382
Charge for the year	160	2
<b>At 31 March 2023</b>	<b>2,874</b>	<b>1,384</b>
<b>Net book value</b>		
<b>At 31 March 2023</b>	<b>297</b>	<b>4</b>
At 31 March 2022	231	-

### 10. Tangible assets

Group	Assets under construction £'000	Leasehold property improvements £'000	Fittings, furnishings & equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>					
At 1 April 2022	-	6,737	2,100	4,698	13,535
Additions	602	-	27	251	880
Reclassification	166	(156)	-	(10)	-
<b>At 31 March 2023</b>	<b>768</b>	<b>6,581</b>	<b>2,127</b>	<b>4,939</b>	<b>14,415</b>
<b>Accumulated depreciation</b>					
At 1 April 2022	-	6,409	1,833	4,311	12,553
Charge for the year	-	169	144	302	615
<b>At 31 March 2023</b>	<b>-</b>	<b>6,578</b>	<b>1,977</b>	<b>4,613</b>	<b>13,168</b>
<b>Net book value</b>					
<b>At 31 March 2023</b>	<b>768</b>	<b>3</b>	<b>150</b>	<b>326</b>	<b>1,247</b>
At 31 March 2022	-	328	267	387	982

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 10. Tangible assets (continued)

LLP	Assets Under Construction	Leasehold property improvements	Fittings, furnishings and equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2022	-	3,669	771	1,813	6,253
Additions	602	-	-	-	-
Reclassification	166	(156)	-	(10)	(166)
<b>At 31 March 2023</b>	<b>768</b>	<b>3,513</b>	<b>771</b>	<b>1,803</b>	<b>6,087</b>
<b>Accumulated depreciation</b>					
At 1 April 2022	-	3,381	771	1,803	5,955
Charge for the year	-	129	-	-	129
<b>At 31 March 2023</b>	<b>-</b>	<b>3,510</b>	<b>771</b>	<b>1,803</b>	<b>6,084</b>
<b>Net book value</b>					
<b>At 31 March 2023</b>	<b>768</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>771</b>
At 31 March 2022	-	288	-	10	298

Assets under construction relates to expenditure associated with the firm's planned move to new premises in early 2024.

### 11. Investments

The LLP's investment in its wholly owned subsidiary, Forsters Service Company Limited is £1.

The members believe that the carrying value of the investments is supported by their underlying net assets.

All company shareholdings listed below are 100% owned by Forsters LLP, and the companies were incorporated in England and Wales. Their registered office is 31 Hill Street, London, W1J 5LS.

Forsters Service Company Limited (Active)

Forsters Directors Limited (Dormant)

Forsters Secretaries Limited (Dormant)

Thirty One Hill Street Limited (Dormant)

### 12. Debtors

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Trade debtors	28,401	28,401	23,355	23,355
Other debtors	2,796	2,646	2,846	2,584
Prepayments	1,825	1,069	2,130	514
	<b>33,022</b>	<b>32,116</b>	<b>28,331</b>	<b>26,453</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 13. Creditors – amounts falling due within one year

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
Bank overdrafts	4,652	4,652	1,020	940
Trade creditors	3,002	2,574	1,885	1,454
Amounts owed to group undertakings	-	1,722	-	1,205
Corporation tax payable	248	-	157	-
Other taxation and social security	4,174	3,197	3,674	2,793
Other creditors and accruals	1,995	482	2,342	614
	<b>14,071</b>	<b>12,627</b>	<b>9,078</b>	<b>7,006</b>

The bank overdraft is repayable on demand and is secured by fixed and floating charges over the LLP's assets.

### 14. Deferred tax

	2023 £'000	2022 £'000
Opening balance	(81)	(103)
Charge to the profit and loss account	20	22
Closing balance	(61)	(81)

	2023 recognised asset £'000	2023 potential deferred tax £'000	2022 recognised asset £'000	2022 potential deferred tax £'000
Accelerated capital allowances	(61)	(61)	(81)	(81)



# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 15. Provisions for liabilities

#### Group

	Dilapidations £'000	PI Claims £'000	Total £'000
At 1 April 2022	895	3,173	4,068
Utilised	-	(176)	(176)
Charged to P&L	21	307	328
Surplus released to P&L	(306)	-	(306)
<b>At 31 March 2023</b>	<b>610</b>	<b>3,304</b>	<b>3,914</b>

#### LLP

	Dilapidations £'000	PI Claims £'000	Total £'000
At 1 April 2022	265	3,173	3,438
Utilised	-	(176)	(176)
Charged to P&L	21	307	328
Surplus released to P&L	(69)	-	(69)
<b>At 31 March 2023</b>	<b>217</b>	<b>3,304</b>	<b>3,521</b>

Provisions for liabilities relate to dilapidations liabilities in order to reinstate all licenced works back to the original configuration and hand back the leased premises in good and substantial repair and condition, compliant with statutory requirements.

PI Claims provisions above recognises the probable cost of defending and concluding those matters, gross of any related recoverable amounts from professional indemnity insurance held by the firm. As of the balance sheet date, the amount recoverable is included in other debtors.

### 16. Commitments under operating leases

The group's future minimum operating lease payments are as follows:

	Group 2023 £'000	LLP 2023 £'000	Group 2022 £'000	LLP 2022 £'000
<b>Land and buildings</b>				
Within one year	600	600	2,999	970
Between one and five years	14,339	14,339	761	761
Over five years	42,720	42,720	-	-
	<b>57,659</b>	<b>57,659</b>	<b>3,760</b>	<b>1,731</b>

The increase in operating lease commitments relates to a new 15 year lease that the firm expects to complete in late 2023.

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2023 (continued)

### 17. Financial instruments

	Group 2023 £'000	Group 2022 £'000
<b>Financial assets measured at amortised cost</b>		
Trade debtors	28,401	23,355
Amounts recoverable on contracts	7,617	7,195
Other debtors	2,796	2,846
	<b>38,814</b>	<b>33,396</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	3,002	1,885
Other creditors and accruals	1,995	2,342
	<b>4,997</b>	<b>4,227</b>

Provision is made for trade debtors and amounts recoverable on contracts that are not considered recoverable at the balance sheet date.

#### Financial risk management

The LLP uses various financial instruments. These principally comprise trade debtors and creditors and smaller amounts due to and from group undertakings and bank overdrafts.

The existence of these financial instruments exposes the LLP to a number of financial risks, the principal ones of which are liquidity risk and credit risk. The LLP does not use derivative financial instruments to manage currency or interest rate costs and, as such, no hedge accounting is applied.

### 18. Pension costs

The Group operates a defined contribution pension scheme open to all employees through Forsters Service Company Limited.

The assets of the scheme are held separately from those of the group.

The annual contributions payable are charged to the profit and loss account. The total pension cost for the group was £1,506,000 (2022: £1,331,000) and there was a balance of £nil outstanding at the balance sheet date (2022: nil).

### 19. Related parties

The aggregate compensation payable to key management personnel (the designated members) for the year was £3,540,000 (2022: £3,327,000).

# **Forsters LLP**

## **Energy and carbon report for the year ended 31 March 2023**

On the 1st April 2019 the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented, to be actioned alongside the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The Carbon Trust describe SECR as "bringing the benefits of carbon and energy reporting to more businesses. The reporting framework is intended to encourage the implementation of energy efficiency measures, with both economic and environmental benefits, supporting companies in cutting costs and improving productivity at the same time as reducing carbon emissions".

Forsters LLP falls under scope of the UK Streamlined Energy and Carbon Reporting (SECR) framework. Emissions reported here comply with the SECR guidelines published by BEIS (2019) and include consumption and GHG emissions for UK electricity and gas use, as well as road transportation for business travel purposes (i.e. fuel cards, hire cars, personal cars, and fleet vehicles).

The list of members that served during the year is available at Companies House.

### **Inventory Summary**

This inventory has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

# Forsters LLP

## Energy and carbon report for the year ended 31 March 2023 (continued)

### Energy and GHG emissions

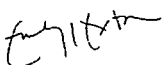
	2023	2022
<b>Mandatory reported emissions:</b>		
Energy consumption used to calculate emissions (kWh)	837,424	812,685
Gas (kWh)	246,726	270,463
Electricity (kWh)	590,698	542,222
Transport fuels (kWh)	N/A	N/A
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	45.04	49.54
Emissions from combustion of fuel for transport purposes tCO <sub>2</sub> e (Scope 1)	N/A	N/A
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO <sub>2</sub> e (Scope 3)	11.82	4.74
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location-based)	114.23	115.13
<b>Total gross emissions tCO<sub>2</sub>e based on the above</b>	<b>171.09</b>	<b>169.41</b>
<b>Total gross emissions from above by unit turnover/revenue (tCO<sub>2</sub>e/£M)</b>	<b>2.26</b>	<b>2.39</b>
	<b>2023</b>	<b>2022</b>
<b>Other (additional) emissions:</b>		
Emissions from other activities which the company owns or controls including operation of facilities tCO <sub>2</sub> e (Scope 1)	N/A	17.73
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Transport - other	519.72	90.08
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Electricity (T&D losses)	10.45	10.19
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Accommodation	18.04	3.58
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Employee commuting	176.79	169.13
Emissions from other activities tCO <sub>2</sub> e (Scope 3): Working from home	0.30	0.35
<b>Total other emissions tCO<sub>2</sub>e</b>	<b>725.30</b>	<b>291.06</b>

Methodology	ISO14064 Part 1 2018 and Carbon Reduce
Third Party verification	Verified to ISO14064 Part 1 2018 and Carbon Reduce

1 Toitū carbon marks refers to the the Toitū carbonreduce and Toitū carbonzero programmes

2 Throughout this document 'GHG Protocol' means the GHG Protocol Corporate Accounting and Reporting Standard and 'ISO 14064-1:2018' means the international standard Specification with Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals

Approved by the members of Forsters LLP and signed on their behalf



**E J Exton**

Designated Member

31 October 2023