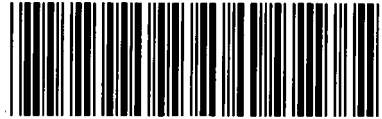


Limited Liability Partnership Registration number: OC309059

Fasken Martineau LLP

Members' Report and Financial Statements for the year ended 31 January 2019

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Fasken Martineau LLP

Members' Report and Financial Statements for the year ended 31 January 2019

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Fasken Martineau LLP

Designated members, officers and professional advisers

Designated members	A Akinjide A Gourley
Registered office	125 Old Broad Street London EC2N 1AR
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
Registration number	OC309059
Bankers	Barclays Bank Plc. 1 Churchill Place London E14 5HP

Fasken Martineau LLP

Designated members' report

The designated members submit their report and the audited financial statements of Fasken Martineau LLP ("FM LLP" or "the Firm") for the year ended 31 January 2019.

Principal activity

The principal activity of FM LLP is the provision of legal services from offices in London, England as part of the Fasken brand. Fasken Martineau DuMoulin LLP ("FMD"), considered to be the ultimate controlling interest of FM LLP, is an international law firm, with the majority of its lawyers based in Canada.

Review of business

The current financial statements are prepared for the year ended 31 January 2019.

FM LLP reported a profit before members' remuneration and profit shares of £716,679 for the year ended 31 January 2019 (2018: £738,874). Turnover was £2,731,027 (2018: £3,370,223).

As at 31 January 2019, there were 6 members, 3 associates and 8 support staff

Future outlook

The business environment for law firms is expected to remain very competitive for the foreseeable future. Consolidation amongst law firms, pressure from clients on fees and the trend in the demand for professional services are the key challenges facing FM LLP. It is expected that the Firm will continue to require financial support from FMD.

Principal risks and uncertainties

Management of the business and the execution of FM LLP's strategy are subject to a number of risks. The key business risks affecting FM LLP are considered to relate to competition from similar sized firms of lawyers, key employee retention, and the risk of downturns in financial markets.

Key performance indicators (KPIs)

Given the straightforward nature of the business, FM LLP's members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Designated members

The members of FM LLP who were in office during the past fiscal year and up to the date of signing the financial statements, unless otherwise indicated, were:

A Akinjide
A Gourley

Fasken Martineau LLP

Designated members' report (continued)

Members' profit shares

All members participate fully in FM LLP's profit, share the risks and contribute to the Firm's capital. Certain members also participate in the earnings of FMD depending on the operating results of FM LLP.

Members' capital

All members maintained their capital to a level that satisfies HMRC rules concerning members' capital in limited liability partnerships.

Members' drawings

FM LLP's policy for drawings allows each equity partner to draw a proportion of their profit share in twelve monthly installments, with any balance of their profits usually distributed in the following financial year, subject to cash flows.

Regular partners draw their budgeted compensation in equal monthly installments.

Any excess distribution of profits during the year is repayable to FM LLP by members.

Fasken Martineau LLP

Statement of members' responsibilities in respect of the Financial Statements

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

Company law requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

Fasken Martineau LLP

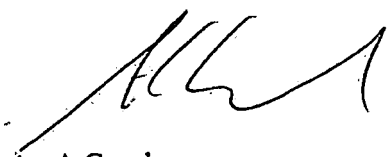
Disclosure of information for auditors

So far as each Designated Member is aware, there is no relevant information of which FM LLP's auditors are unaware. Relevant information is defined as information needed by FM LLP's auditors in connection with preparing their report. Each Designated Member has taken all the steps (such as making inquiries of other members of FM LLP and the auditors and any other steps required by their duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a member in order to make himself aware of any relevant audit information and to establish that FM LLP's auditors are aware of that information.

Independent auditors

During the year, PricewaterhouseCoopers LLP were re-appointed as auditors to FM LLP and have indicated their willingness to continue in office. The designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the designated members on 1 July 2019 and signed on their behalf by:



A Gourley
Designated Member
1 July 2019

Fasken Martineau LLP

Independent auditors' report to the members of Fasken Martineau LLP

Report on the audit of the financial statements

- **Opinion**

In our opinion, Fasken Martineau LLP's financial statements:

give a true and fair view of the state of the limited liability partnership's affairs as at 31 January 2019 and of its profit and cash flows for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and

have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Members' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 January 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

- **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

- *Independence*

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

- **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the limited liability partnership's trade, customers, suppliers and the wider economy.

- **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

Fasken Martineau LLP

knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

-
- **Responsibilities for the financial statements and the audit**
 - *Responsibilities of the members for the financial statements*

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 6, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

- *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

- *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

• Other required reporting

-
- **Companies Act 2006 exception reporting**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, 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.

We have no exceptions to report arising from this responsibility.



Stephanie Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

4 July 2019

Fasken Martineau LLP

Statement of comprehensive income For the year ended 31 January 2019

	<i>Note</i>	2019 £	2018 £
Turnover	2	2,731,027	3,370,223
Other operating income		15,525	28,802
Operating expenses	3	<u>(2,030,192)</u>	<u>(2,659,427)</u>
Operating profit	5	716,360	739,598
Interest receivable and similar income	6	319	19
Interest payable and similar charges	7	<u>-</u>	<u>(743)</u>
Profit for the financial period before members' remuneration and profit shares		<u>716,679</u>	<u>738,874</u>
Members' remuneration charged as an expense		<u>(628,489)</u>	<u>(377,273)</u>
Profit for the financial period available for discretionary division among members		<u>88,190</u>	<u>361,601</u>

The result for the year arises from FM LLP's continuing operations.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the Statement of comprehensive income.

There is no material difference between the result for the financial period as stated above and its historical cost equivalent.

Fasken Martineau LLP

Balance sheet

As at 31 January 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	99,877	126,632
Current assets			
Debtors	10	1,322,470	1,718,603
Investments	11	625	2,373
Cash at Bank and in hand	15	404,100	810,017
		1,727,195	2,530,993
Creditors: amounts falling due within one year	12	(346,612)	(1,244,107)
Net current assets		1,380,583	1,286,886
Total assets less current liabilities		1,480,460	1,413,518
Provisions for liabilities	13	(268,434)	(544,718)
Net assets attributable to members of the LLP		1,212,026	868,800
Represented by:			
Members' capital classified as a liability under FRS 102		889,897	727,194
Amounts due to Members		322,129	141,606
Members' interests		1,212,026	868,800
Total Members' interests			
Members' capital classified as a liability under FRS 102		889,897	727,194
Amounts due to Members		322,129	141,606
		1,212,026	868,800

The financial statements on pages 10 to 29 were approved and authorized for issue by the designated members on ---June 2019 and signed on their behalf by:

A Gourley
Designated member
Limited Liability Partnership Registration number: OC309059



Fasken Martineau LLP

Statement of cash flows

For the year ended 31 January 2019

	<i>Note</i>	2019 £	2018 £
Net (decrease)/increase in cash from operating activities	14	<u>(19,194)</u>	<u>961,906</u>
Cash flow from investing activities			
Interest received and similar income		319	19
Interest on bank loans and overdraft		-	(743)
Payments to acquire tangible fixed assets		<u>(13,589)</u>	<u>(30,015)</u>
Net cash used in investing activities		<u>(13,270)</u>	<u>(30,739)</u>
Cash flow from financing activities			
Current year drawings paid to members		(628,489)	(738,874)
Net profit allocation		168,714	
Taxation recovered		-	2,365
Other movements		(76,381)	89,748
Capital injected from/ (repayments to departing) members		<u>162,703</u>	<u>(105,489)</u>
Net cash used in financing activities		<u>(373,453)</u>	<u>(752,520)</u>
Net (decrease)/increase in cash	15	<u>(405,917)</u>	<u>178,647</u>
Cash and cash equivalents at the beginning of the year		810,017	631,370
Cash and cash equivalents at the end of the year		404,100	810,017

Fasken Martineau LLP

Statement of changes in equity

For the year ended 31 January 2019

	Members' capital £	Other reserves £	Total £	Loans and other debts due to/(from) members £	Total £
Members interest:					
At 1 February 2018	727,194	-	727,194	141,606	868,800
Profit for the financial year before members remuneration and profit share	-	716,679	716,679	-	716,679
Members' remuneration charged as an expense	-	(628,489)	(628,489)	628,489	-
Members' interests after profit for the period	727,194	88,190	815,384	770,095	1,585,479
Current period drawings	-	-	-	(628,489)	(628,489)
Capital injected by members	162,703	-	162,703	-	162,703
Net Profit allocation	-	(88,190)	(88,190)	256,904	168,714
Other movements	-	-	-	(76,381)	(76,381)
Members interest at 31 January 2019	889,897	-	889,897	322,129	1,212,026

Save for claims made by fixed share equity members in respect only of their fixed share of profits, members' interests rank after unsecured creditors in the event of the winding up of the limited liability partnership.

Fasken Martineau LLP

Statement of changes in equity For the year ended 31 January 2018

	Members' capital £	Other reserves (restated) £	Total £	Loans and other debts due (from)/to members £	Total £
Members interest:					
At 1 February 2017	832,683	61,436	894,119	(11,673)	882,446
Profit for the financial year before members remuneration and profit share	-	738,874	738,874	-	738,874
Members' remuneration charged as an expense	-	(377,273)	(377,273)	377,273	-
Members' interests after profit for the period	832,683	423,037	1,255,720	365,600	1,621,320
Current period drawings	-	-	-	(377,273)	(377,273)
Capital repaid to members	(105,489)	-	(105,489)	-	(105,489)
Tax paid	-	-	-	2,365	2,365
Profit share distribution	-	(361,601)	(361,601)	-	(361,601)
Other movements	-	(61,436)	(61,436)	150,914	89,478
Members interest at 31 January 2018	727,194	-	727,194	141,606	868,800

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019

1. Accounting policies

a) Statement of compliance

The individual financial statements of Fasken Martineau LLP ("FM LLP") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2016 and the requirement of the Statement of Recommended Practice Accounting by Limited Liability Partnership (SORP) issued in January 2018.

b) Summary of significant accounting policies

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period, unless otherwise stated.

c) Basis of accounting and preparation

These financial statements are prepared on the going concern basis, under the historical cost convention.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying FM LLP's accounting policies.

d) Going concern

FM LLP is dependent upon the support of Fasken Martineau DuMoulin LLP ("FMD"). As at 31 January 2019 FMD owed £143,851 to FM (2018: FMD was owed £631,635 from FM).

The members consider it appropriate to prepare the financial statements on the going concern basis as FMD has undertaken to continue to provide financial support to FM LLP and ensure it is able to meet its liabilities as they fall due for twelve months from the date of these financial statements.

e) Revenue recognition

Turnover represents amounts chargeable to clients for professional services provided during the period, inclusive of direct expenses incurred on client assignments but excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed. Turnover also includes appropriate amounts in respect of long-term work in progress, as described below, to the extent that the outcome of

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

1. Accounting policies (continued)

these contracts can be assessed with reasonable certainty. Turnover in respect of contingent fee assignments (over and above any agreed minimum fee, which is recognised as above) is recognised in the period when the contingent event occurs and the collectability of fees is assured.

Unbilled turnover on individual client assignments is included in debtors as 'Accrued income'. Amounts billed on account of work in progress are shown as a deduction from gross work in progress, to the extent that they are not recognised as turnover. Amounts billed on account in excess of the amounts recognised as turnover are classified as deferred income within creditors.

f) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost, together with any incidental economic expenses of acquisition, less accumulated depreciation. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its initial condition for its intended use.

g) Depreciation and residual values

Depreciation is calculated using the straight-line method, to allocate the cost to their residual value over their estimated useful lives, as follows:

Leasehold improvements	Over the life of the lease
Computer equipment	Over a period of four years
Furniture and office equipment	Over a period of four years

h) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included in 'Operating expenses'.

i) Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. Where FM LLP enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such lease, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

1. Accounting policies (continued)

Statement of Comprehensive Income, and the capital element which reduces the outstanding obligation for future instalments.

j) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. All exchange differences are taken to the Statement of Comprehensive Income in the period in which they arise.

k) Taxation

FM LLP is not taxed as a corporate entity. The taxation payable on profits is the personal liability of the members during the period, and consequently is not dealt with in these financial statements.

l) Provisions

In common with other legal firms, FM LLP is involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision is made on a case-by-case basis in respect of the cost of defending claims and, where appropriate, the estimated cost to FM LLP of settling claims. Separate disclosure is not made of claims covered by insurance recoveries expected to be obtained on the grounds that such disclosure might seriously prejudice the outcome of the claims and the position of FM LLP.

m) Pension costs

Staff pension costs relating to defined contribution schemes are charged to the Statement of Comprehensive Income when they become payable.

n) Current asset investments

Current asset investments are stated at cost, less, where appropriate, any provisions made for permanent diminution in value.

o) Financial instruments

FM LLP has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

1. Accounting policies (continued)

(i) Financial assets

Basic financial instruments, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset has impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the carrying value does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group entities, are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future payments discounted at the market rate of interest.

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

Trade creditors are obligations to pay for goods and services which have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

1. Accounting policies (continued)

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statement 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 to liability simultaneously.

p) Members' capital

Amounts subscribed or otherwise contributed by the members to FM LLP are considered debt and a component of "Amounts due to / from members".

q) Allocation of profits and drawings

In accordance with the provisions of FM LLP Statement of Recommended Practice for Limited Liability Partnership', amounts due to members in respect of participated rights in the limited liability partnership that give rise to a liability are treated as 'members' remuneration charged as an expense in FM LLP's Statement of Comprehensive Income.

Any divisions out of the remaining profits are reported as equity allocations when they occur.

FM LLP's drawings policy allows each full equity member to draw a proportion of their profit share in twelve monthly instalments, with the balance of their profits, net of taxes, usually distributed in the following year. Since August 2014 Regular members have been paid their fixed share remuneration without deduction of a tax reserve.

Certain members are special partners of FMD and receive a portion of their remuneration from this entity.

r) Judgements in applying accounting policies and key sources of estimation uncertainty

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

Key accounting estimates and assumptions

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

1. Accounting policies (continued)

assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Revenue, accounts receivable and amounts recoverable on contracts

The recognition of revenue and profit on fee income is a key source of estimation uncertainty due to the judgement required over the stage of completion. FM LLP assesses its trade receivables for impairment at the end of each reporting period. In determining the impairment, FM LLP makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows to be received. This requires management's best estimate of the likelihood of recoverability of amounts based on the facts and circumstances of each ongoing matter based on information provided by legal advisers and known issues with clients.

(ii) Property Provisions

These provisions require management's best estimate of the costs that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

2. Turnover

Turnover is wholly derived from the principal activity of FM LLP. Turnover was earned from clients in the following geographic markets.

	2019	2018
	£	£
United Kingdom	139,763	338,496
Europe	643,305	149,151
Rest of the world	1,947,959	2,882,576
	<u>2,731,027</u>	<u>3,370,223</u>

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

3. Operating expenses

	2019	2018
	£	£
Staff costs (note 4)	817,149	745,061
Depreciation (notes 5 & 9)	40,344	35,915
Other operating charges	1,172,699	1,878,451
	<u>2,030,192</u>	<u>2,659,427</u>

4. Employees

The average monthly number of persons employed during the period (excluding members) was:

	2019	2018
	Number	Number
Fee earning staff	3	3
Support staff	8	8
	<u>11</u>	<u>11</u>

Staff costs incurred during the period in respect of these employees were:

	2019	2018
	£	£
Wages and salaries	695,973	642,947
Social security costs	86,692	77,444
Other pension costs (note 19)	34,484	24,670
Total Staff costs (note 3)	<u>817,149</u>	<u>745,061</u>

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

5. Operating profit

	2019	2018
	£	£
Operating profit is stated after charging/ (crediting):		
Depreciation on tangible fixed assets		
- Owned assets - depreciation (notes 3 & 9)	40,344	35,915
Operating lease rentals:		
- Land and buildings	345,583	353,888
- Plant and machinery	19,508	17,606
Foreign exchange losses/(gains)	9,910	(58,804)

The bad debt recovery recognised during the year was £74,114 (2018: £160,054).

Audit services

- statutory audit	25,000	24,500
- other regulatory reporting	18,000	18,000

Tax services

- advisory services	38,567	22,266
	<u>81,567</u>	<u>64,766</u>

Fasken Martineau LLP

Notes to the financial statements
For the year ended 31 January 2019 (continued)

6. Interest receivable and similar income

	2019	2018
	£	£
Bank interest receivable and similar income	<u>319</u>	<u>19</u>

7. Interest payable and similar charges

	2019	2018
	£	£
Interest on bank loan and overdraft	-	73
Other	<u>-</u>	<u>670</u>
Interest on bank loan and overdraft	<u>-</u>	<u>743</u>

8. Members' profit shares

The average profit per member is calculated by dividing the profit for the financial year before members' remuneration and profit shares by the average number of members.

	2019	2018
	Number	Number
Average monthly number of members	<u>5</u>	<u>4</u>
	2019	2018
	£	£
Average profit per member	<u>143,336</u>	<u>184,719</u>

The share of profits that has been allocated to the member with the largest entitlement to profit is £480,785 (2018: £314,948).

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

9. Tangible assets

	Leasehold improvements £	Computer equipment £	Furniture and office equipment £	Total £
Cost				
At 1 February 2018	2,661,326	619,050	418,959	3,699,335
Additions	3,611	4,904	5,074	13,589
Write offs	(2,520,483)	(589,298)	(404,592)	(3,514,373)
At 31 January 2019	144,454	34,656	19,441	198,551
Accumulated depreciation				
At 1 February 2018	2,562,355	598,781	411,567	3,572,703
Charge in the period	25,647	9,839	4,858	40,344
Write offs	(2,520,483)	(589,298)	(404,592)	(3,514,373)
At 31 January 2019	67,519	19,322	11,833	98,674
Net book value				
As at 31 January 2019	76,935	15,334	7,608	99,877
As at 31 January 2018	98,971	20,269	7,392	126,632

10. Debtors

	2019 £	2018 £
Trade debtors	632,802	769,166
Amounts owed by group undertakings	143,851	1,020
Other debtors	101,726	116,875
Prepayments	195,201	196,194
Accrued income	248,890	635,348
	<u>1,322,470</u>	<u>1,718,603</u>

Amounts owed by group undertakings are unsecured attract no interest and are repayable on demand.

Fasken Martineau LLP

Notes to the financial statements
For the year ended 31 January 2019 (continued)

11. Investments

	Listed investments £	Unlisted investments £	Total £
Cost:			
1 February 2018			
Shares at cost	168,551	35,000	203,551
At 31 January 2019	168,551	35,000	203,551
Provision for diminution in value:			
1 February 2018	166,178	35,000	201,178
Increase in the period	1,748	-	1,748
At 31 January 2019	167,926	35,000	202,926
Net book value:			
At 31 January 2019	625	-	625
At 31 January 2018	2,373	-	2,373

The market value of listed investments at the balance sheet date is £625 (2018: £2,373). The designated members believe that the carrying value of investments is supported by the underlying net assets.

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

12. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	164,094	122,319
Amounts owed to group undertakings (note 18)	-	631,635
Other creditors	65,428	72,660
Accruals and deferred income	117,090	417,493
	<u>346,612</u>	<u>1,244,107</u>

FM LLP has an overdraft facility with Barclays Bank PLC for £150,000 (2018 £150,000), which is secured by a debenture from FM LLP.

The bank overdraft is repayable on demand with interest payable at 3.5% (2018: 3.5%) over the Bank of England rate.

All bank loans were repaid during the previous year. The interest expense charged during the year was £0 (2018: £743).

Amounts owed to group undertakings are unsecured, attract no interest and are repayable upon demand.

13. Provisions for liabilities

	2019	2018
	£	£
At 1 February	544,718	515,175
(Release)/ increase of provision	(227,384)	128,920
Utilized provision	(48,900)	(99,377)
At 31 January	<u>268,434</u>	<u>544,718</u>

The claims provision is the estimated cost of defending and concluding claims. No separate disclosure is made of the cost of the claims covered by insurance as to do so would seriously prejudice the position of the limited liability partnership.

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

14. Reconciliation of net cash flow from operating activities

	2019	2018
	£	£
Profit for the financial period before members' remuneration and profit shares	716,679	738,874
Net interest (income)/expense	(319)	724
Operating profit	716,360	739,598
Depreciation	40,344	35,915
Disposal	-	(580)
Decrease in investments	1,748	2,015
Decrease in debtors	396,133	256,704
Decrease in creditors	(897,495)	(101,289)
(Decrease)/increase in provisions for liabilities and charges	(276,284)	29,543
Net cash flow from operations	(19,194)	961,906

Analysis of net cash	At the beginning of the year	Cash flows	At the end of the year
	£	£	£
Cash at bank and in hand	810,017	(405,917)	404,100
Net cash	810,017	(405,917)	404,100

Fasken Martineau LLP

Notes to the financial statements For the year ended 31 January 2019 (continued)

15. Cash at Bank and in hand

	2019	2018
	£	£
(Decrease) increase in cash in the period	(405,917)	178,647
Net cash brought forward	<u>810,017</u>	<u>631,370</u>
Net cash carried forward	<u>404,100</u>	<u>810,017</u>

16. Commitments under operating leases

The lease expires on 31 May 2022.

FM LLP is also obligated under third party lease agreements to make lease payments for photocopiers and other office equipment for leases expiring in:

	2019		
	£		
	Premises	Other	Total
Operating leases - payment due:			
Within 1 year	345,583	13,132	358,715
Between 2 and 5 years	806,359	29,531	835,890
	2018		
	£		
	Premises	Other	Total
Operating leases - payment due:			
Within 1 year	345,583	17,337	362,920
Between 2 and 5 years	1,151,941	3,164	1,155,105

Fasken Martineau LLP

Notes to the financial statements

For the year ended 31 January 2019 (continued)

17. Contingent liabilities

FM LLP is subject to various legal proceedings arising in the ordinary course of conducting a legal practice. Management is of the opinion that there are satisfactory defenses against any outstanding claims and that there is sufficient liability insurance coverage in provision (note 13) in the event of any unfavourable outcomes.

18. Related party transactions

During the year, FM LLP recharged £128,375 (2018: £218,859) to FMD, the associated partnership in Canada. These charges include marketing costs for the combined partnership and management and administration costs.

There was no fee charged by FM LLP to FMD for business development activities and support related to the promotion of the combined partnership in 2019 or 2018.

At 31 January 2019 Fasken Martineau Selas owed £nil (2018: £1,020) to FM LLP (note 10).

As at January 2019 FMD LLP owed £143,851 to FM LLP (note 10) (2018: FM LLP owed £631,635 to FMD LLP) (note 12).

During the year, FM LLP did not provide any legal work for equity members and their related parties.

19. Pensions costs

FM LLP operates a defined contribution, self-administered scheme. The pension cost for the year ended 31 January 2019 was £34,484 (2018: £24,670). The balance sheet creditor amount as at year end date was £4,555 (2018: £nil).

20. Key management compensation

The key management personnel comprise certain members of Fasken Martineau LLP. The share of profit and the salaries awarded to these key management personnel for the year ended 31 January 2019 will amount to £700,000 (2018: £600,000).

21. Controlling party

FM LLP is controlled by the members of the Firm.