

Registered number: OC309501

Brabners LLP

Annual report and consolidated financial statements

for the year ended 30th April 2019



Brabners LLP

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Brabners LLP

Members' report

The members present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 30 April 2019.

Firm structure

The LLP is a Limited Liability Partnership under the Limited Liability Partnership Act 2000 and is registered in England and Wales. A list of all members' names is available for inspection at the LLP's registered office at Horton House, Exchange Flags, Liverpool, L2 3YL.

Principal activity

Brabners LLP (the "Partnership") and its subsidiary entities (together the "Group") are principally engaged in the provision of legal services in the United Kingdom. The subsidiary undertakings are set out in note 10.

Review of the business and future developments

The Partnership's strategic ambition is to be the UK's leading independent law firm. Achieved by continuing to invest in developing its client relationships; in building a strong market position in key sectors; in embracing appropriate technology; and by continually investing in its people. The Partnership's business plan is based on building on its market presence out of its existing locations, while retaining an appropriate level of profitability, and alongside seeking appropriate inorganic growth opportunities.

The results for the year are set out on page 6. Turnover increased in the year by £484,000 to £33,574,000 (2018: £33,090,000) reflecting the benefit of its investment led approach, as well as the diversity of the firm's practice: offering a full range of legal services to commercial businesses; charities and social enterprises; and private individuals.

The benefit of its diversity, along with concerted efforts to control overheads, has resulted in profit before members' remuneration and profit shares increasing by £511,000 to £11,155,000 (2018: £10,644,000).

The members regard these results and future prospects to be satisfactory and, at present, do not believe that the business and its future prospects will be materially impacted by Brexit, although the situation and any resulting impact will continue to be carefully monitored over the coming months. Refer to note 1(c) for detail on the adoption of the going concern basis.

Designated members

The designated members, who served throughout the year and thereafter, were as follows:

N D Campbell
A J Harper
R J H Jackson
S G Mabon
H J Marriot
N G White

Members' drawings and the subscription and repayment of members' capital

During the year members receive monthly drawings and profit distributions. The policy for the level and timing of the drawings and profit distributions is determined by the Board having regard to the financial requirements of the Group. Tax retentions are paid directly to the authorities on behalf of the members.

Profits are automatically allocated as drawn, with any profits unallocated at the year-end being allocated upon approval of the annual financial statements. Unallocated profits are included in the other reserves within members' other interests.

The capital requirements of the Limited Liability Partnership are determined by the Board and reviewed from time to time. Each member is required to subscribe a proportion of this capital. An allocation of profit that is equal to an interest rate of 3% over base rate is paid on this capital. On leaving the Limited Liability Partnership a member's capital is normally repaid in 36 monthly instalments commencing 6 months after the date of retirement, provided it exceeds a minimum threshold.

Brabners LLP

Members' report (continued)

Auditor

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Board meeting. Approved by the Board and signed on its behalf by:



N G White
Designated Member
Horton House
Exchange Flags
Liverpool
L2 3YL

30 September, 2019

Brabners LLP

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of the affairs of the Firm (Partnership) and of the Group 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

Independent auditor's report to the members of Brabners LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Brabners LLP (the 'parent limited liability partnership') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 30 April 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in members' interest;
- the consolidated cash flow statement; and
- the related notes 1 to 22.

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).

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 and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in 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 Group's or the parent 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 these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Brabners LLP (continued)

Responsibilities of members

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

In preparing the financial statements, the members are responsible for assessing the Group's and the parent 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 Group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

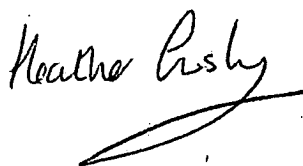
Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Heather J. Crosby BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
1 October 2019

Brabners LLP

Consolidated profit and loss account For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Turnover	3	33,574	33,090
Staff costs	4	(12,996)	(11,256)
Depreciation	5	(643)	(744)
Other operating expenses		(8,811)	(10,343)
Operating profit		11,124	10,747
Interest receivable and similar income	7	183	71
Interest payable and similar expenses	7	(113)	(74)
Profit before taxation and members' remuneration and profit shares	5	11,194	10,744
Tax on profit of the subsidiaries	8	(41)	(100)
Profit before members' remuneration and profit shares		11,155	10,644
Members' remuneration charged as an expense		(6,824)	(6,299)
Profit for the financial year available for discretionary division among members		4,331	4,345

All results relate to continuing activities.

There have been no recognised income or expenses other than the profit for the year and prior year, as shown above. Therefore no consolidated statement of other comprehensive income has been presented.

Brabners LLP

Consolidated balance sheet At 30 April 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	2,879	1,806
Current assets			
Investments	11	1,013	1,011
Debtors	12	17,689	16,140
Cash at bank and in hand		816	1,048
		19,518	18,199
Creditors: amounts falling due within one year	13	(7,031)	(5,207)
Net current assets		12,487	12,992
Total assets less current liabilities		15,366	14,798
Creditors: amounts falling due after more than one year	14	(1,243)	(962)
Provisions for liabilities	15	(1,663)	(1,820)
Net assets attributable to members		12,460	12,016
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		5,924	5,744
Other amounts		1,201	1,149
		7,125	6,893
Equity			
Members' others interests classified as equity		5,335	5,123
Total members' interests		12,460	12,016

The financial statements of Brabners LLP (registered number OC309501) were approved by the members and authorised for issue on 30 September 2019. They were signed on behalf of the Partnership by:



N G White
Designated member

Brabners LLP

Partnership balance sheet At 30 April 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	2,879	1,806
Current assets			
Debtors	12	17,703	16,188
Cash at bank and in hand		580	512
		<u>18,283</u>	<u>16,700</u>
Creditors: amounts falling due within one year	13	(6,981)	(5,088)
Net current assets		<u>11,302</u>	<u>11,612</u>
Total assets less current liabilities		<u>14,181</u>	<u>13,418</u>
Creditors: amounts falling due after more than one year	14	(1,243)	(962)
Provisions for liabilities	15	(1,613)	(1,444)
Net assets attributable to members		<u>11,325</u>	<u>11,012</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		5,924	5,744
Other amounts		1,201	1,149
		<u>7,125</u>	<u>6,893</u>
Equity			
Members' others interests classified as equity		4,200	4,119
Total members' interests		<u>11,325</u>	<u>11,012</u>

The profit for the financial year attributable to the parent limited liability partnership, Brabners LLP, was £11,024,000 (2018: £10,418,000).

The financial statements of Brabners LLP (registered number OC309501) were approved by the members and authorised for issue on 30 September 2019. They were signed on behalf of the Partnership by:



N G White
Designated member

Brabners LLP

Consolidated statement of changes in members' interests At 30 April 2019

	Loans and other debts due to/(from) members			Members' other interests classified as equity	Total members' interest
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total debt £'000	£'000	£'000
At 30 April 2017	6,469	993	7,462	3,522	10,984
Members remuneration charged as an expense	-	6,299	6,299	-	6,299
Profit for the financial year available for discretionary Division among the members	-	-	-	4,345	4,345
Total comprehensive income available for discretionary division among members	-	6,299	6,299	4,345	10,644
Allocated profits in respect of prior year	-	2,744	2,744	(2,744)	-
Distribution of prior years' profits	-	(1,165)	(1,165)	-	(1,165)
Members' capital introduced	230	-	230	-	230
Members' capital repaid	(283)	-	(283)	-	(283)
Other amounts repaid	(672)	206	(466)	-	(466)
Drawings (including tax payments)	-	(7,928)	(7,928)	-	(7,928)
At 30 April 2018	5,744	1,149	6,893	5,123	12,016
Members remuneration charged as an expense	-	6,824	6,824	-	6,824
Profit for the financial year available for discretionary division among the members	-	-	-	4,331	4,331
Total comprehensive income available for discretionary division among members	-	6,824	6,824	4,331	11,155
Allocated profits in respect of the prior year	-	4,119	4,119	(4,119)	-
Distribution of prior year profits	-	(1,675)	(1,675)	-	(1,675)
Members' capital introduced	538	-	538	-	538
Members' capital repaid	(123)	-	(123)	-	(123)
Drawings (including tax payments)	-	(9,216)	(9,216)	-	(9,216)
Transfer of amounts due to former members	(235)	-	(235)	-	(235)
At 30 April 2019	5,924	1,201	7,125	5,335	12,460

Brabners LLP

Partnership statement of changes in members' interests At 30 April 2019

	Loans and other debts due to/(from) members			Members' other interests classified as equity	Total members' interest
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total debt £'000	£'000	£'000
At 30 April 2017	6,469	993	7,462	2,744	10,206
Members remuneration charged as an expense	-	6,299	6,299	-	6,299
Profit for the financial year available for discretionary division among the members	-	-	-	4,119	4,119
Total comprehensive income available for discretionary division among members	-	6,299	6,299	4,119	10,418
Allocated profits in respect of prior year	-	2,744	2,744	(2,744)	-
Distribution of prior years' profits	-	(1,165)	(1,165)	-	(1,165)
Members' capital introduced	230	-	230	-	230
Members' capital repaid	(283)	-	(283)	-	(283)
Other amounts repaid	(672)	206	(466)	-	(466)
Drawings (including tax payments)	-	(7,928)	(7,928)	-	(7,928)
At 30 April 2018	5,744	1,149	6,893	4,119	11,012
Members remuneration charged as an expense	-	6,824	6,824	-	6,824
Profit for the financial year available for discretionary division among the members	-	-	-	4,200	4,200
Total comprehensive income available for discretionary division among members	-	6,824	6,824	4,200	11,024
Allocated profits in respect of prior year	-	4,119	4,119	(4,119)	-
Distribution of prior year profits	-	(1,675)	(1,675)	-	(1,675)
Members' capital introduced	538	-	538	-	538
Members' capital repaid	(123)	-	(123)	-	(123)
Drawings (including tax payments)	-	(9,216)	(9,216)	-	(9,216)
Transfer of amounts due to former members	(235)	-	(235)	-	(235)
At 30 April 2019	5,924	1,201	7,125	4,200	11,325

Brabners LLP

Consolidated cash flow statement For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Net cash flows from operating activities	17	9,706	11,329
Cash flows from investing activities			
Purchase of tangible fixed assets		(683)	(716)
Interest received		183	71
Net cash flows from investing activities		9,206	10,684
Cash flows from financing activities			
Repayments of obligations under finance lease		(361)	-
Payments to or on behalf of the members		(10,891)	(9,093)
Capital introduced by members		538	230
Capital repaid to members		(123)	(283)
Interest paid		(113)	(38)
Net cash flows from financing activities		(10,950)	(9,184)
Net (decrease)/increase in cash and cash equivalents		(1,743)	1,500
Cash and cash equivalents at beginning of year		1,872	372
Cash and cash equivalents at end of year		129	1,872
Reconciliation to cash at bank and cash equivalents:			
Investments		1,013	1,011
Cash at bank and in hand		816	1,048
Overdraft		(1,700)	(187)

Brabners LLP

Notes to the financial statements

For the year ended 30 April 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Brabners LLP ("the Partnership") is incorporated in the United Kingdom and registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in the members' report on page 1.

The financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2017).

The functional currency of Brabners LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates. The consolidated financial statements are also presented in pounds sterling.

Brabners LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-Group transactions and remuneration of key management personnel.

b. Basis of consolidation

The Brabners LLP financial statements consolidate the financial statements of the Partnership and its subsidiary undertakings drawn up to 30 April each year.

c. Going concern

The financial performance, position and cash flows are set out on pages 6 to 11.

Brabners LLP meets its day to day working capital requirements through an overdraft facility which is due for annual review in November 2019. The current economic conditions create uncertainty particularly over (a) the level of demand for the Group's services; and (b) the availability of bank finance in the foreseeable future. Brabners LLP's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group will open renewal negotiations with the bank in due course and has at this stage not sought any written confirmation that the facility will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The members have a reasonable expectation that the Partnership and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Motor vehicles – 25% on the reducing balance basis

Fixtures and fittings – current year is 7 year straight line, previously 10% on the reducing balance basis

Leasehold improvements – the remainder of the lease

Computer equipment – 3 year straight line basis

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

1. Accounting policies (continued)

d. Tangible fixed assets (continued)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. Financial instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(i) Investments

Investments comprise certificates of deposit which can be withdrawn or realised at any time without penalty. Certificates of deposit are valued at fair value using bid prices available on market trading platforms.

(ii) Investments in subsidiaries

In the Partnership balance sheet, investments in subsidiaries and joint ventures and associates are measured as cost less impairment.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

1. Accounting policies (continued)

f. Impairment of assets (continued)

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where this effect is deemed material.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

g. Taxation

The taxation payable on the Partnership profits is the personal liability of the members, although payment of such liabilities is administered by the Partnership on behalf of the members. Consequently, neither Partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to corporate subsidiaries 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. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and joint ventures and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

1. Accounting policies (continued)

g. Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h. Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. On leaving the Partnership a member's capital is normally repaid in 36 monthly instalments commencing 6 months after the date of retirement, provided it exceeds a minimum threshold.

Amounts due to former members after more than one year comprise balances due under the above mentioned retirement provisions which are not repayable within twelve months of the balance sheet date.

i. Divisible profits and members' remuneration

Members' fixed shares of profits (excluding discretionary fixed share bonuses) and interest earned on members' balances are automatically allocated as drawn and, are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

The remainder of profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

j. Turnover

Revenue for services represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as amounts recoverable on contracts within debtors. Amounts recoverable on contracts are stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the Group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

1. Accounting policies (continued)

k. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l. Leases

The Group as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Provisions

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

The provision for claims represents the estimated cost to the Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

n. Interest receivable and similar income

Interest receivable and similar income is recognised as gross value received throughout the year.

o. Bank and cash in hand

Bank and cash in hand excludes any overdrawn bank balances at the financial year end.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the LLP's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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.

The current economic conditions create uncertainty; however the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate as a going concern for the foreseeable future.

Estimates made in applying the Group's accounting policies

The following are the significant estimates that the members have made in the process of applying the Group's accounting policies and that have the most effect on the amounts recognised in the financial statements.

i) Work in progress

Management reviews the valuation of unbilled revenue to identify any significant areas of risk in relation to recoverability and makes any additional provision accordingly. The valuation excludes any transactions which are considered contingent in nature. Management also provide in full against any work in progress that is considered to be static.

ii) Bad debt

Management evaluates the recoverability of each unpaid fee note on an ongoing basis so as to determine whether a provision against bad debt is required. When performing this evaluation management takes the financial stability and payment history of the client into account.

Management also review all clients to identify those which may be in financial difficulty and make an additional provision accordingly.

iii) Professional indemnity insurance

Professional indemnity insurance premiums are charged as incurred and expensed to the profit and loss account over the period of the insurance cover. Costs are accrued in respect of any uninsured excess that the Group considers likely to be payable.

iv) Bonus accrual

Management reviews bonus accruals at the start of each financial year and periodically on a monthly basis to ensure any significant movements are provided for. There are a number of bonus schemes within the firm which are linked to overall financial performance.

There are not considered to be any key judgements.

3. Turnover

The turnover of the Group is principally derived from the provision of legal services in the UK and is stated net of Value Added Tax.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

4. Staff numbers and costs

Staff numbers and costs are the same in both the Group and the Partnership.

The average monthly number of employees (excluding members) was:

	2019 Number	2018 Number
Legal advisers	277	229
Administration and support staff	87	87
	<u>364</u>	<u>316</u>

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	10,760	9,756
Social security costs	1,104	977
Other pension costs (see note 19)	376	332
Other costs	756	191
	<u>12,996</u>	<u>11,256</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

5. Profit before taxation and members' remuneration and profit shares

Profit before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Operating lease rentals	1,122	1,242
Depreciation	643	744
(Profit)/loss on disposal of fixed assets	(128)	40

Other operating expenses of £8,811,000 includes rent, insurance, IT, marketing, professional fees, library costs, subscriptions.

The analysis of the auditor's remuneration is as follows:

	2019 £'000	2018 £'000
Fees payable to the LLP's auditor and its associates for the audit of the Limited Liability Partnership's annual accounts	49	47
Fees payable to the LLP's auditor and its associates for other services to the Group		
The audit of the Group's subsidiaries	4	7
Total audit fees	53	54
Audit-related assurance services	17	16
Taxation compliance services	84	63
Total non-audit fees	101	79

Fees payable to Deloitte LLP and its associates for non-audit services to the Partnership are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

6. Members' remuneration and transactions

Profits are shared among the members in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pension from their profit shares.

The profit attributable to the member with the largest entitlement was £310,000 (2018: £328,000).

The average number of members during the year was 64 (2018: 62).

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

7. Finance costs (net)

Interest receivable and similar income

	2019	2018
	£'000	£'000
Bank interest receivable	<u>183</u>	<u>71</u>

Interest payable and similar expenses

	2019	2018
	£'000	£'000
Bank loans and overdrafts	(40)	(38)
Finance leases and hire purchase contracts	<u>(73)</u>	<u>(36)</u>
	<u>(113)</u>	<u>(74)</u>

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

8. Tax on profit of subsidiaries

Taxation arises within the subsidiary undertakings of the Group and represents:

	2019 £'000	2018 £'000
Current tax on profit		
UK corporation tax	(20)	151
Total current tax	<u>(20)</u>	<u>151</u>
Deferred tax		
Origination and reversal of timing differences	41	(50)
Adjustments in respect of prior years	20	-
Arising from change in rate of tax	-	(1)
Total deferred tax	<u>61</u>	<u>(51)</u>
Total tax on profit	<u>41</u>	<u>100</u>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2019 £'000	2018 £'000
Profit before tax	<u>11,194</u>	<u>10,744</u>
 Tax on Group profit at standard UK corporation tax rate of 19 per cent (2018: 19 per cent)	 2,126	 2,041
Effects of:		
- Income not chargeable to income tax	(2,069)	(1,931)
- Non-deductible expenses	-	2
- Movement in unprovided deferred tax assets	(16)	(11)
- Rate differences	-	(1)
Group total tax charge for year	<u>41</u>	<u>100</u>

The Finance Act 2016, which was substantively enacted in September 2016, reduced the rate of corporation tax to 17% with effect from 1 April 2020.

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

Deferred tax is provided as follows:

	2019 £'000	2018 £'000
Group		
Accelerated capital allowances	-	-
Deferred tax arising in relation to retirement benefit obligations	-	-
Tax losses available	-	10
Other timing differences	-	(61)
Provision for deferred tax	-	(51)
Partnership		
Accelerated capital allowances	-	-
Deferred tax arising in relation to retirement benefit obligations	-	-
Tax losses available	-	-
Other timing differences	-	-
Provision for deferred tax	-	-

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

9. Tangible fixed assets

Group	Motor vehicles £'000	Computer equipment £'000	Fixtures & Fittings £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 May 2018	35	5,471	1,733	2,398	9,637
Additions	-	1,489	45	57	1,591
Disposals	-	(1,326)	(2)	(334)	(1,662)
At 30 April 2019	35	5,634	1,776	2,121	9,566
Depreciation					
At 1 May 2018	21	4,390	1,409	2,011	7,831
Charge for the year	3	292	247	101	643
Disposals	-	(1,465)	18	(340)	(1,787)
At 30 April 2019	24	3,217	1,674	1,772	6,687
Net book value					
At 30 April 2019	11	2,417	102	349	2,879
At 30 April 2018	14	1,081	324	387	1,806
Leased assets included above:					
Net book value					
At 30 April 2019	-	1,526	-	-	1,526
At 30 April 2018	-	685	-	-	685

Brabners LLP

Notes to the financial statements (continued)

For the year ended 30 April 2019

9. Tangible fixed assets (continued)

Partnership	Motor vehicles £'000	Computer equipment £'000	Fixtures & Fittings £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 May 2018	35	5,471	1,733	2,398	9,637
Additions		1,489	45	57	1,591
Disposals		(1,326)	(2)	(334)	(1,662)
At 30 April 2019	35	5,634	1,776	2,121	9,566
Depreciation					
At 1 May 2018	21	4,390	1,409	2,011	7,831
Charge for the year	3	292	247	101	643
Disposals		(1,465)	18	(340)	(1,787)
At 30 April 2019	24	3,217	1,674	1,772	6,687
Net book value					
At 30 April 2019	11	2,417	102	349	2,879
At 30 April 2018	14	1,081	324	387	1,806

All leasehold improvements are in respect of properties subject to short-term leases.

Assets held under finance leases

The Group has leases in respect of computer equipment which are considered to meet the definition of finance leases and are accounted for accordingly. Specific leasing arrangements include provisions that preclude early termination, subletting or sale of the computer equipment but allow for the payment of a reduced annual fee for continued use.

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

10. Fixed asset investments

	Group		Partnership	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Subsidiary undertakings	-	-	-	-

Group investments

The parent Partnership and the Group have investments in the following subsidiary undertakings:

	Country of incorporation or principal business address	Principal activity	Holding	%
Subsidiary undertakings:				
Brabners Services Limited+	England	Holding company	Ordinary	100

The registered office of Brabners Services Limited (registered number 08903654) is at Horton House, Exchange Flags, Liverpool, L2 3YL.

Artex Insurance (B1) IC Limited	Guernsey	Captive insurance company	Ordinary	100
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The registered office of Artex Insurance (B1) IC Limited (registered number GG58127) at Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH.

+ Held directly by Brabners LLP.

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

11. Investments

	Group		Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Investments including certificates of deposit	1,013	1,011	-	-

12. Debtors

	Group		Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	10,016	8,328	10,016	8,328
Amounts recoverable on contracts	5,514	5,951	5,514	5,951
Amounts owed by Group undertakings	-	-	28	81
Other debtors	281	-	275	28
Prepayments	1,878	1,800	1,870	1,800
Deferred tax	-	61	-	-
	<u>17,689</u>	<u>16,140</u>	<u>17,703</u>	<u>16,188</u>

13. Creditors: amounts falling due within one year

	Group		Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank overdrafts	1,700	187	1,700	187
Obligations under finance leases and hire purchase contracts (see note 14)	370	199	370	199
Trade creditors	976	767	967	767
Amounts due to former members (note 14)	320	231	320	231
Corporation tax	41	118	-	-
Other taxation and social security	1,715	1,601	1,715	1,600
Other creditors	125	82	125	82
Accruals	1,784	2,022	1,784	2,022
	<u>7,031</u>	<u>5,207</u>	<u>6,981</u>	<u>5,088</u>

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

14. Creditors: amounts falling due after more than one year

	Group		Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	892	519	892	519
Amounts due to former members	351	443	351	443
	<u>1,243</u>	<u>962</u>	<u>1,243</u>	<u>962</u>

Borrowings are repayable as follows:

	Group		Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Finance leases				
Between one and two years	353	176	353	176
Between two and five years	539	343	539	343
After five years	-	-	-	-
	<u>892</u>	<u>519</u>	<u>892</u>	<u>519</u>
On demand or within one year	370	199	370	199
	<u>1,262</u>	<u>718</u>	<u>1,262</u>	<u>718</u>
Amounts due to former members				
Between one and two years	351	443	351	443
Between two and five years	-	-	-	-
After five years	-	-	-	-
	<u>351</u>	<u>443</u>	<u>351</u>	<u>443</u>
On demand or within one year	320	231	320	231
	<u>671</u>	<u>674</u>	<u>671</u>	<u>674</u>
Total borrowings including finance leases				
Between one and two years	704	619	704	619
Between two and five years	539	343	539	343
After five years	-	-	-	-
	<u>1,243</u>	<u>962</u>	<u>1,243</u>	<u>962</u>
On demand or within one year	690	430	690	430
	<u>1,933</u>	<u>1,392</u>	<u>1,933</u>	<u>1,392</u>

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

15. Provisions for liabilities

Group	Property £'000	Legal claims £'000	Total £'000
At 1 May 2018	713	1,107	1,820
Utilisation	-	(324)	(324)
Release	(158)	(448)	(606)
New claims	-	773	773
At 30 April 2019	555	1,108	1,663
Partnership			
At 1 May 2018	713	731	1,444
Utilisation	-	(324)	(324)
Release	(158)	(122)	(280)
New claims	-	773	773
At 30 April 2019	555	1,058	1,613

Property

The provision for property is in respect of dilapidations. It is expected that the majority of this expenditure will be incurred within five to seven years of the balance sheet date.

Legal claims

The provision for legal claims relates primarily to claims for alleged professional negligence. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

16. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group	
	2019 £'000	2018 £'000
Financial assets		
Measured at fair value		
• Investments including certificates of deposits (note 11)	1,013	1,011
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 12)	15,770	14,279
	<u>16,783</u>	<u>15,290</u>
	Group	
	2019 £'000	2018 £'000
Financial liabilities		
Measured at amortised cost		
• Obligations under finance leases (see note 13, 14)	1,262	718
• Bank loans and overdraft (see note 13)	1,700	187
Measured at undiscounted amount payable		
• Trade and other creditors (see note 13, 14)	5,271	5,264
	<u>8,233</u>	<u>6,169</u>

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

17. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2019 £'000	2018 £'000
Operating profit	11,124	10,747
Adjustment for:		
(Profit) / Loss on disposal	(128)	40
Depreciation	643	744
Operating cash flow before movement in working capital	11,639	11,531
(Increase)/decrease in debtors	(1,307)	(162)
(Decrease)/increase in creditors	18	659
Decrease in amounts due to former partners	(241)	(248)
Decrease in provisions	(304)	(302)
Cash generated by operations	9,804	11,478
Income taxes paid	(98)	(149)
Net cash from operating activities	9,706	11,329

18. Financial commitments

At 30 April 2019 had capital commitments as follows:

	Group		Partnership	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Capital commitments of fixed assets	248	136	248	136

Total future minimum lease payments under non-cancellable operating leases are as follows:

Brabners LLP

Notes to the financial statements (continued) For the year ended 30 April 2019

	2019		2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
- within one year	1,016	98	1,016	98
- between one and five years	3,002	390	2,935	390
- after five years	2,164	-	-	-
	<u>6,182</u>	<u>488</u>	<u>3,951</u>	<u>488</u>
Partnership				
- within one year	1,016	98	1,016	98
- between one and five years	3,002	390	2,935	390
- after five years	2,164	-	-	-
	<u>6,182</u>	<u>488</u>	<u>3,951</u>	<u>488</u>

19. Employee benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to P&L account in the year ended 30 April 2019 was £376,000 (2018: £332,000).

20. Related party transactions

The total remuneration for key management personnel in the year was £2,392,000 (2018: £2,281,000).

21. Controlling party

The LLP is controlled by its members and as such there is no one controlling party.

22. Post balance sheet event

On the 22nd July, 2019, Brabners acquired HRC Law. The team from HRC Law joins as an employment practice with an international client base. The specialist knowledge within HRC will compliment Brabner's existing practice and enhance the breadth of services. The team brings with them significant specialisms in the recruitment sector.