Financial statements
Hill Dickinson LLP

For the year ended 30 April 2023

Registered No OC314079

Contents

Officers and professional advisers

LLP registration number	OC314079
Designated members	I F Gillis P W Jackson J E S Lawson K K Bhogal J L Trewin F C Parry
Registered office	No 1 St Paul's Square Liverpool L3 9SJ
Bankers	Barclays Bank plc 2 Churchill Place Canary Wharf London E14 5RB
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 30 Finsbury Square London EC2A 1AG

Members' report
For the year ended 30 April 2023

The members are pleased to 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 2023.

Principal activities

The principal activity of the Group and LLP is the provision of legal services.

Results

The results for the year are set out on page 19.

Principal risks and uncertainties

The principal risks and uncertainties are discussed further in the Strategic report on pages 10 - 14.

Management

The Group's management structure comprises the following:

The Board is responsible for all aspects of governance including the approval of strategy and financial performance targets. The Board's composition includes the Chair, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, up to three external Non-Executive Directors and up to six other members of which four are elected by the membership.

The development and implementation of strategy, financial performance, risk management, client service, employee engagement and infrastructure are the responsibility of the Executive management team which comprises of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Heads of Business Groups (see below), and heads of Information Technology and Operations, Business Development and Marketing and Human Resources.

Each of the Board and Executive meet formally on a monthly basis and informally as required.

The LLP has three market-driven and sector-focused business groups, each managed by a business group head. These groups comprise Business Services, Health Services and Marine Services.

Designated members

The designated members who served during the year were:

I F Gillis
P W Jackson
J E S Lawson
K K Bhogal
J L Trewin
F C Parry

Members' report
For the year ended 30 April 2023

Members' drawings and capital policies

Drawings and members' profit share
During the year members receive monthly drawings allocated at the discretion of the Board. The level and timing of such drawings and distributions is decided by the Board after considering the LLP's cash requirements for operating and investment activities.

The Partnership Articles provide that upon approval of the accounts in respect of any financial period the profits on ordinary activities of the LLP are allocated in full to the members. Accordingly, all profits on ordinary activities relating to the LLP are shown as members' remuneration charged as an expense in the consolidated income statement. Profits or losses of subsidiary entities are not allocated until they are transferred to the LLP.

Capital
The capital requirements of the business are determined from time to time by the members. The amount of capital subscribed by members is linked to the profit share allocated to that member. Repayment of capital is made to individual members after cessation of membership of the LLP in accordance with the provisions of the Partnership Articles and any relevant undertakings to lending banks where members' capital is the subject of a partnership practice loan. Capital is therefore classified as a liability in the statement of financial position.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain or retrain them in order that employment may continue.

It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Investors in diversity

Hill Dickinson LLP is accredited under the prestigious Investors in Diversity scheme. This award recognises our on-going commitment to supporting diversity and inclusion within the workplace and recognises our ambition to ensure Hill Dickinson LLP is a place where people from all backgrounds can flourish in an inclusive and supportive working environment.

Charitable donations

We seek to be a good corporate citizen in everything that we do and this has been even more important in this Covid affected world. As a global business, we recognise that our business activities inevitably have a direct impact on our clients, colleagues, communities and the environment and we are fully committed to reducing these impacts.

During the year the Group made charitable donations of £35k (2022: £58k), principally to organisations serving the communities in which the Group operates. Our focus has been supporting projects tackling the issues of homelessness, assisting those suffering from ill mental health and supporting access to work for those who have found themselves unemployed. This is coupled with extensive charitable donations from our people and our matched giving programme whereby we match any funds raised by our people for charitable giving.

Members' report

For the year ended 30 April 2023

Employee involvement

The Group keeps its employees informed of matters affecting them as employees and of financial and economic factors affecting the performance of the Group.

This is achieved by a variety of means including employee engagement surveys, consultation with employee representatives, regular news bulletins from the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and presentations by the Chair, Chief Executive Officer and other key personnel as necessary.

Payment policy and practice

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction to ensure that the Group is aware of these terms and abides by them. Trade creditors at 30 April 2023 represent approximately 17 days (2022: 16 days) of average supplies for the year.

Streamline Energy and Carbon Reporting

The SECR disclosure covers our United Kingdom greenhouse gas emissions (scope 1 and 2), an appropriate intensity ratio, the total energy usage of gas, electricity, fuel for transport and production, and a summary of energy efficiency improvements carried out during the financial year.

All calculations are in accordance with HM Government's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance'.

Members' report

For the year ended 30 April 2023

GHG emissions & energy use data for May 22 to April 23

Financial Year: 1st May- 30th Apr	Current Reporting Year - 22/23 (UK & Offshore)	Comparison Reporting Year -21/22 (UK & Offshore)
Gas (kWh)	1,583,530	1,700,747
Electricity (kWh)	1,331,718	2,257,189
Transportation (kWh)	1,227,899	1,042,806
Emissions from combustion of gas tCO2e (Scope 1)	289	312
Emissions from combustion of fuel for transport purposes, tCO2e (Scope 1)	270	230
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel, tCO2e (Scope 3)	32	25
Emissions from purchased electricity, tCO2e (Scope 2, location-based)	258	479
Total gross CO2e based on above, tCO2e	849	1,046
Intensity ratio: tCO2e/Employees (873 employees in 22/23 & 791 employees in 22/23)	0.97	1.32
Intensity ratio: tCO2e/£m Turnover (£111.6 million in 22/23 & £106.1 million in 21/22)	7.60	9.86
Methodology	Detailed overleaf.	Detailed overleaf.

Members' report
For the year ended 30 April 2023

Energy efficiency action summary for the year ended 30 April 2023

During the financial year ending 30 April 2023 Hill Dickinson LLP commissioned a report to assist with adherence to the regulations of SECR 2018. All UK locations are within the scope of the report.

In response to the recommendations that resulted from the above we carried out the following actions during the financial year ending 30 April 2023:

The firm has undertaken a number of steps to reduce our impact on the environment, controlling resource consumption and moving away from single use products as outlined below:

- We reduced our space in our St Paul Square offices, and thereby reduced our electricity use by 56%.
- We continue to replace faulty lighting with LED, including newly installed lighting.
- We have maintained our hybrid working model and have increased the value of our cycle to work scheme to promote more low-emission transport.
- We have begun migrating all data storage from on-site servers to the Microsoft Azure Platform.
- We have incorporated energy reduction goals in selection of new office premises in Leeds and Manchester.
- We continue to prioritise purchasing Energy Star electric appliances.
- We have introduced an EV policy for reimbursement for charging for those on the fleet scheme to encourage drivers to consider EVs.

Methodology notes

The assessment of GHG emissions is in accordance with HM Government's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', March 2019 update. In order to calculate emissions '2022 UK Government GHG Conversion Factors for Company Reporting' have been used.

For gas and electricity data, annual energy consumption in kWh, over the reporting period was converted to tCO2e by Spiral using the above described GHG conversion factors.

Scope 1 transportation data, associated tCO2e were calculated by using vehicle make, model and engine information along with litres of fuel consumed and fuel type. Scope 3 transportation emissions were calculated by utilising the aforementioned conversion factors and employee mileage data.

Statement of members' responsibilities

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 and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year. Under the law the members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

Members' report

For the year ended 30 April 2023

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and LLP and of the profit or loss of the Group for that period. In preparing these financial statements the members are required to:

- select suitable accounting policies for the Group and LLP's financial statements;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group and the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the Group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The notes to the financial statements are located on pages 25-40 and the Strategic Report is on pages 10-14.

Disclosure of information to auditor

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP and Group's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP and Group's auditors is aware of that information.

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities for a forecast period of more than 12 months from the approval date of these financial statements. Those facilities include an arranged overdraft facility (£8m undrawn facility, reviewed annually, most recently in August 2023) and an additional facility in the form of an RCF for £10m. The RCF runs for a period of three years ending in December 2025. These facilities were not drawn upon during the year to 30 April 2023 or since the end of the year and our current trading projections do not foresee the requirement to do so in the forecast period. These facilities have been put in place in order to provide additional assurance that we can continue to operate normally should trading and the impact on our revenues deteriorate significantly more than forecast even in our most pessimistic scenarios. We do not believe there are any material uncertainties regarding our ability to operate as a going concern and, accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

In spite of the current economic uncertainty impacting some of our clients we have seen no deterioration in revenues below the level expected and the pipeline remains healthy; indeed, and as set out in our business review, we are continuing to see growth across all parts of our business. Furthermore, we have a well-diversified business model and broad client base across a range of sectors, both in the UK and internationally. We have, however, performed stress-testing on our forecasts. In the preparation of these

Members' report
For the year ended 30 April 2023

forecasts, we stress-tested the key assumptions relating to revenues and our client base, our cost base and cash flows as well as any additional mitigating actions we might take with respect to the management of our cost base and cash flows should we determine that the need arises. We are confident that even under the most severe of our scenarios we can take sufficient mitigating action to ensure that sufficient facilities remain available over the forecast period and compliance with our borrowing covenants is maintained, and accordingly the results of the stress-testing undertaken support our assessment of going concern. We do not consider that any structural changes to the Group are necessary to continue to operate as a going concern.

Post balance sheet event

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Grant Thornton UK LLP, has indicated their willingness to continue in office.

On behalf of the members

Fiona Parry

F C Parry
Designated member

Date: 15/12/2023

Peter Jackson

P W Jackson
Designated member

Date: 15/12/2023

Strategic report

For the year ended 30 April 2023

Business review

Our financial results for the year ended 30 April 2023 demonstrate a sixth year of consecutive revenue growth. It is testament to each and every member of our business whose dedication and excellence has collectively enabled us to achieve continued growth across all core business groups.

By year end April 2023, we recorded full year revenues of £129.6 million, with every one of our core business groups outperforming the previous year in revenue terms.

This exceptional performance comes amid a difficult economic outlook across the UK. Our business was able to navigate challenges posed by this environment through a considered focus on collaboration across our business groups and investment in our people. This includes several significant hires, a driver of growth across all business groups, and the launch of our Accelerated Partner Promotion Scheme (APPS) in November 2022.

We celebrated the opening of our newest office in July 2022 in the heart of Newcastle, which has enabled us to serve a growing client base across the North of England. The business also signed a lease for a new Leeds office in May 2023, cementing our commitment to one of the fastest-growing and vibrant cities in the UK. With move-in slated for the end of 2023, our Leeds office will be a sustainable home to our rapidly growing business services and health teams based within the region.

Business Services Group secures second year of record growth

Looking to performance within our core business groups, this financial year marked an exceptional period for our Business Services Group, which recorded a second year of record revenue growth.

This is reflected in recognition at the likes of The Lawyer Awards 2022, as finalists in the Corporate Team of the Year category, and finalists as Corporate Law Firm of the Year in the Insider North West Dealmakers Awards 2022.

The group has shown particular strength in real estate and corporate transactional work over the last year. In corporate, this includes a successful deal completion between professional services group Xeinadin on a strategic partnership with private equity firm Exponent in May 2022. It demonstrates the key role our Corporate, Commercial and Banking teams continue to play in the UK's deal advisory space. The team's expertise continues to enable some of the most dynamic businesses across the UK to unlock growth, with our national Corporate teams advising on approximately £4 billion worth of deals across the year.

This growth in corporate advisory work across the UK has been recognised through the likes of a double-first listing in the Aquis Adviser Rankings Guide, the firm being recognised as Experian Market IQ's top legal adviser for volume of completed M&A transactions in the North West for 2022 and being named as one of the top three firms for number of AIM-listed clients advised in 2022.

It reflects the group's pursuit to become a national player that has a true regional perspective, operating from hubs of excellence across the country. The Leeds office will be a major focus of future growth for Business Services in this regard. With our team growing rapidly across the region, the inspirational 11 Wellington Place base will provide us with a long-term home at the heart of the city that can grow alongside our teams.

Alongside investment in our facilities, the group has invested significantly in its people. Nine candidates from Business Services successfully underwent the APPS in 2022, together with two further internal

Strategic report

For the year ended 30 April 2023

Business review (continued)

promotions to partner at year end. By investing in our talent's career progression, and recognising and harnessing their potential, we are strengthening our teams for years to come.

This investment in our facilities and people, coupled with the outstanding work the group is involved in across all sub teams, has enabled Business Services to secure several significant lateral hires across 2022. This includes more than 10 established partners in multiple key disciplines and within each of our key offices within the North West, Yorkshire and London, as we continue to drive growth onwards in these areas.

Health Group maintains market-leading position as growth continues

The increased connectivity between business groups has, and will continue to be, a catalyst for future growth across our Health practice. Alongside Monica Macheng, Health also welcomed James Atkins as head of Health Real Estate and Andrea Proudlock as partner in Health Real Estate. Andrea is also head of Hill Dickinson's Newcastle office, which represented the next step in the wider firm's national growth strategy and a reflection of Health's growing client base across the North East.

These senior appointments have been one key growth driver for the group for the period ending April 2023. It is one in which the Health Group has achieved another record year, marking year-on-year growth since 2017.

It has enabled the group to maintain its market-leading position. It remains one of the largest health offerings of any UK law firm, working on behalf of independent providers and public sector health bodies across the country, including over 200 NHS trusts and organisations. It reflects a true breadth and depth of expertise; continuing to bolster this across the practice will enable Health to secure future growth.

Our Health Group has secured a number of key reappointments across its client portfolio, including to the NHS Resolution Costs Panel, NHS Shared Business Services Legal Framework, Health Trust Europe Framework and the Crown Commercial Services Frameworks for Public Sector and Costs work, testament to collaborative efforts across the business to secure and deliver on these significant public sector tenders.

The public sector has faced considerable challenges in recent years and 2022 was no exception. Workforce strikes and budgetary demands impacted much of our client base, particularly in Health. The team supported its clients by remaining flexible to their needs and maintaining a keen focus on delivering valuable outcomes through exceptional service.

This approach is reflected in the Health Group's work for The Clatterbridge Cancer Centre NHS Foundation Trust, in its acquisition of the Rutherford Cancer Centre in April 2023, to create a first-class NHS diagnostics facility in the heart of Liverpool. It is a leading example of the role the group continues to play in unlocking growth across the UK's health and life sciences industry.

This commitment to outstanding service was recognised through numerous national accolades in 2022. The Health team was named as a finalist at the Health Investor Awards, in the Legal Advisors of the Year category for both public and private. It was named at the Legal 500 Northern Powerhouse Awards as Public Sector Firm of the Year, and ranked Top Tier in The Legal 500 UK for Public Sector Healthcare (London), Public Sector Health (North West and Yorkshire and the Humber) and Personal Injury and Clinical Negligence (North West).

Strategic report

For the year ended 30 April 2023

Business review (continued)

The group's growth in 2022 is a reflection of its investment in people at all levels. Ros Foster joined as partner in May 2023, strengthening the Health Group's regulatory expertise, and Alison Oliver came onboard as partner in September 2022 in Newcastle, with her experience key to Health's growth in the primary care market. As well as these senior lateral hires, Health also continues to take on a record number of trainees on health-only training contracts and has brought in a number of apprentices to support its costs and litigation teams. It demonstrates the Health Group's commitment to nurturing burgeoning talent across both legal and administrative roles, to develop a solid platform for future continued growth.

Marine Group geared up for growth

Our Marine team achieved another excellent year, borne from a teamwide focus on growth across all sub teams and offices, from London to Singapore and Monaco to Piraeus.

This comes despite somewhat challenging market conditions. The Russian invasion of Ukraine in February 2022 had a knock-on impact throughout the year and into 2023, particularly on commodities work in the grain trade. The conflict has, however, demonstrated the group's strengths in sanctions, with our team emerging as market-leading in the advice and support it has provided to clients throughout the course of the year. It reflects Marine's focus on growing its market-leading position across all of its disciplines.

Growth has been fuelled significantly by a number of key hires across the year. The group welcomed Martin Hall, one of the world's leading marine casualty practitioners, into the London office and to work closely alongside the Piraeus practice. Dimitris Anassis joined the Piraeus office's Shipping Disputes team in January 2023 as partner, and the group expanded its Singapore office through the hires of Binoy Dubey as counsel and master mariner and Matthew Dow as partner.

Alongside senior hires, Marine has also had a keen focus on the development and progression of its existing teams. Five of the group were promoted to partner through the APPS in November, in recognition of their exceptional work and potential. Piraeus office head Jasel Chauhan was also welcomed to the Hill Dickinson board, the first international partner to join in the firm's history and a reflection on our focus on global growth.

Throughout the course of the year, the Marine group has gathered a number of significant rankings and award wins. The Hong Kong office was recognised for Shipping and Dispute Resolutions in Chambers and Partners Greater China Region Guide in January 2023, and the Singapore office maintained a band one ranking in Chambers and Partners Asia-Pacific Guide 2023 as a top tier maritime law firm.

A number of the group also garnered individual accolades in recognition of their standing in the industry; Jeff Isaacs in Commodities and Adrian Marsh in Cargo and Logistics were both recognised by Chambers and Partners UK 2023 as band one ranked Notable Practitioners. Helene Peter-Davies, who joined the London casualty response team as legal director in March 2022, celebrated receiving the Merchant Navy Medal for Meritorious Service by the International Maritime Organization; it demonstrates just how embedded many of the group are within the maritime industry, which clients deeply appreciate.

This breadth and depth of expertise and relationships has enabled the group to secure impressive outcomes for numerous clients throughout the course of the year, including in the collision case of 'FMG SYDNEY' to name but one. The group also formed a best friends network with specialist commodities partners based in Geneva, which will provide a platform for future growth within its Commodities team.

Strategic report

For the year ended 30 April 2023

Business review (continued)

In a year marked by outstanding growth, the foundations are firmly in place across the group – from its people, clients and networks – to continue to drive forward in this next financial year and beyond.

Reflections on the year

We would like to take the time to sincerely thank every individual across Hill Dickinson for their unwavering commitment and demonstration of our core values of trust, collaboration, innovation and respect.

Applying these values in the work we do day in and day out has enabled our teams to continue to thrive. It is reflected in the achievements of each of our core business groups. Their sustained focus on investment in our talent and identification of opportunities to work collaboratively across teams has ensured that Hill Dickinson not only exceeded financial performance for year end 2023 but will continue to accelerate growth in the years to come.

Risk management

The Group's risks are recorded in a number of risk registers that are regularly reviewed by the Board and The Executive. The main risks which the Group faces are those related to markets and clients, financing, the retention of partners and key staff members, professional quality, information technology and regulatory compliance.

Risk management

An Audit Committee, which is primarily responsible for financial governance and the effectiveness of internal and external audit, is chaired by an independent non-executive director and comprises the Chair of the LLP board and two additional members. The Chief Financial Officer, who is also the Firm's COFA, also attends the meetings of this Committee. A Risk and Compliance Committee, chaired by the Firm's COLP, meets monthly and, comprising a number of risk and regulatory professional support Directors and Managers, has specific responsibility for all regulatory issues (including Solicitors' Accounts Rules, Money Laundering Regulations, Data Protection and GDPR). This committee is also responsible for professional and ethical standards.

The Board is responsible for monitoring and managing market and client risk, the approach to the latter specifically including a programme of client satisfaction reviews.

The Group is financed through a combination of members' capital, undistributed profits (including tax reserves) and borrowing facilities arranged with the Group's bankers and finance lease providers. The overall mix of finance is reviewed at least annually in order to ensure a satisfactory and prudent balance of members and third-party financing. Bank facilities are maintained at a level that exceeds the expected maximum requirement of the Group.

Financial risk management objective

The Group's activities expose it to several financial risks including credit, foreign currency, and liquidity risk. The Board reviews these risks on a regular basis to ensure that they remain managed and assessed appropriately through risk management policies. The policies remain unchanged from the previous year and are set out below.

Strategic report

For the year ended 30 April 2023

Credit risk

The Group's principal financial assets were bank balances and cash, trade and other debtors and amounts recoverable on contracts.

The Group's credit risk is primarily attributable to its trade debtors and amounts recoverable on contracts. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event that, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of clients, service areas and geographical markets.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. In relation to translation risk, as far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of medium-term and short-term debt and members' funds. Liquidity risk is managed using analysis of detailed cash flow forecasts that are regularly reviewed. Where cash collections are lower than forecast for a given period, payments that are discretionary in timing may be deferred accordingly.

On behalf of the members

Fiona Parry

F C Parry
Designated member

Date: 15/12/2023

Peter Jackson

P W Jackson
Designated member

Date: 15/12/2023

Grant Thornton

Independent auditor's report to the members of Hill Dickinson LLP

Opinion

We have audited the financial statements of Hill Dickinson LLP (the 'limited liability partnership') and its subsidiaries (the 'group') for the year ended 30 April 2023, which comprise the consolidated income statement, consolidated and LLP statement of financial position, consolidated cash flow, the consolidated and LLP statement of members' interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at **30 April 2023** and of the group's **profit** for the **year** then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the limited liability partnership to cease to continue as a going concern.

Grant Thornton

Independent auditor's report to the members of Hill Dickinson LLP

In our evaluation of the members' conclusions, we considered the inherent risks associated with the group's and the limited liability partnership's business model including effects arising from macro-economic uncertainties such increasing interest rates, we assessed and challenged the reasonableness of estimates made by the members and the related disclosures and analysed how those risks might affect the group's and the limited liability partnership's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- 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 limited liability partnership's 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

Grant Thornton

Independent auditor's report to the members of Hill Dickinson LLP

Responsibilities of members

As explained more fully in the members' responsibilities statement, set out on page 7&8, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Partnership and determined that the most significant are those that relate to the financial reporting framework, being the Companies Act 2006 and tax compliance regulations.
- We obtained an understanding of how the Partnership is complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether they were aware of instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected, or alleged fraud.
- We assessed the susceptibility of the Partnership's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Evaluation of the processes and controls established to address the risks related to irregularities and fraud;
  - Making inquiries, in respect of frau, of those outside the finance team, including key management and the board;
  - Challenging assumptions and judgements made by management in the Partnership's significant accounting estimates;

Grant Thornton

Independent auditor's report to the members of Hill Dickinson LLP

  - Identify and testing of unusual journal entries; and
  - Identifying and testing of related party transactions

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the partnership operates, and the understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
- The engagement team's discussion in respect of potential non-compliance with laws and regulations and fraud included the risk of fraud in revenue recognition. In assessing the potential risk of material misstatement, we obtained an understanding of:
  - The Partnership's operations, including the nature of their revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
  - The Partnership's control environment including the adequacy of procedures for authorisation of transactions.

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

Use of our report

This report is made solely to the 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.

Grant Thornton UK LLP

Peter Gamson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 15/12/2023

Consolidated income statement

For the year ended 30 April 2023

	Note	**2023 £'000**	2022 £'000
Turnover	5	**129,591**	119,773
Other operating income	6	**169**	582
		129,760	120,355
Staff costs	9	**(53,598)**	(48,769)
Depreciation and amortisation	14-15	**(1,421)**	(1,179)
Other operating expenses	7	**(29,119)**	(23,968)
Operating profit	8	**45,622**	46,439
Net interest and similar charges	10	**499**	(179)
Profit on ordinary activities before taxation		**46,121**	46,260
Tax on profit or loss on ordinary activities	11	**(469)**	(410)
Profit for the financial year before members' remuneration		**45,652**	45,850
Members' remuneration charged as an expense	12	**(43,344)**	(43,634)
Profit for the financial year available for discretionary division among members		**2,308**	2,216

There was no other comprehensive income in the current or the prior year.

All results were derived from the Group's continuing activities.

The notes on pages 23 – 38 form part of these financial statements.

Consolidated statement of financial position

For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	15	**5,086**	4,062
		5,086	4,062
Current assets			
Debtors: amounts falling due within one year	18	**51,800**	45,660
Cash at bank and in hand		**26,307**	27,479
		78,107	73,139
Creditors: amounts falling due within one year	19	**(19,465)**	(19,025)
Net current assets		**58,642**	54,115
Total assets less current liabilities		**63,728**	58,176
Creditors: amounts falling due after one year	20	**(3,526)**	(2,276)
Provisions for liabilities	21	**(4,821)**	(4,660)
Net assets attributable to members		**55,381**	51,240
Represented by			
Members' capital classified as a liability		**18,492**	18,307
Loans and other debts due to members within one year		**34,576**	30,600
Members' other interests - other reserves classified as equity		**2,313**	2,333
Total members' interests		**55,381**	51,240

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:

Fiona Parry

F C Parry
Designated member

Date: 15/12/2023

Peter Jackson

P W Jackson
Designated member

Date: 15/12/2023

LLP statement of financial position

For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	15	**4,666**	3,754
Investments	16	**374**	374
		5,040	4,128
Current assets			
Debtors: amounts falling due within one year	18	**46,397**	42,140
Cash at bank and in hand		**23,278**	23,648
		69,675	65,788
Creditors: amounts falling due within one year	19	**(19,272)**	(19,275)
Net current assets		**50,403**	46,513
Total assets less current liabilities		**55,443**	50,641
Creditors: amounts falling due after one year	20	**(3,526)**	(2,276)
Provisions for liabilities	21	**(4,761)**	(4,627)
Net assets attributable to members		**47,156**	43,738
Represented by			
Members' capital classified as a liability		**18,116**	17,937
Loans and other debts due to members within one year		**29,035**	25,684
Members' other interests - other reserves classified as equity		**5**	117
Total members' interests		**47,156**	43,738

The parent LLP has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The LLP's profit for the financial year after tax and before members' remuneration was £36,492k (2022: £40,770k).

The financial statements were approved and authorised for issue by the members and were signed on their behalf by:

Fiona Parry

F C Parry
Designated member

Date: 15/12/2023

Peter Jackson

P W Jackson
Designated member

Date: 15/12/2023

The notes on pages 25 – 40 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 April 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit for the year before members' remuneration	45,652	45,850
Adjustments for:		
Depreciation of tangible assets	1,421	1,179
Interest paid	146	217
Interest received	(645)	(38)
Taxation	469	410
Increase in debtors	(6,140)	(4,968)
Increase in creditors	2,588	2,640
Increase/(decrease) in provisions	161	(566)
Income tax paid	(457)	(512)
Net cash generated from operating activities before transactions with members	43,195	44,212
Payments to and on behalf of members	(41,696)	(35,448)
Net cash generated from operating activities	1,499	8,764
Cash flows from investing activities		
Purchases of tangible assets	(2,445)	(1,145)
Net cash (used)/generated in investing activities	(2,445)	(1,145)
Cash flows from financing activities		
Repayment of bank loans	(1,000)	(1,000)
Receipt/(repayment) of finance lease obligations	90	(164)
Capital introduced by members	1,804	1,343
Repayment of capital to members	(1,619)	(1,697)
Interest paid	(146)	(217)
Interest received	645	38
Net cash generated/(used) in financing activities	(226)	(1,697)
Net increase in cash and cash equivalents	(1,172)	5,922
Cash at the beginning of year	27,479	21,557
Cash at end of year	26,307	27,479

The notes on pages 25 – 40 form part of these financial statements.

Consolidated statement of members' interests

For the year ended 30 April 2023

	Members' capital classified as a liability	Members' other interests	Loans and other amounts due to members	Total
	£'000	£'000	£'000	£'000
At 1 May 2021	18,661	3,299	19,232	41,192
Members' remuneration charged as an expense	-	-	43,634	43,634
Profits for the year attributable to subsidiary undertakings	-	2,216	-	2,216
Transactions with owners	-	2,216	43,634	45,850
Drawings (including tax)	-	-	(35,448)	(35,448)
Distributed in the year	-	(3,182)	3,182	-
Capital introduced	1,343	-	-	1,343
Repayment of capital	(1,697)	-	-	(1,697)
At 1 May 2022	**18,307**	**2,333**	**30,600**	**51,240**
Members' remuneration charged as an expense	-	-	43,344	**43,344**
Profits for the year attributable to subsidiary undertakings	-	2,308	-	**2,308**
Transactions with owners	**-**	**2,308**	**43,344**	**2,308**
Drawings (including tax)	-	-	(41,696)	**(41,696)**
Distributed in the year	-	(2,328)	2,328	**-**
Capital introduced	1,804	-	-	**1,804**
Repayment of capital	(1,619)	-	-	**(1,619)**
At 30 April 2023	**18,492**	**2,313**	**34,576**	**55,381**

LLP statement of members' interests

For the year ended 30 April 2023

	Members' capital classified as a liability £'000	Members' other interests £'000	Loans and other amounts due to members £'000	Total £'000
At 1 May 2021	18,316	117	15,244	33,677
Members' remuneration charged as an expense	-	-	40,770	40,770
Transactions with owners	-	-	40,770	40,770
Drawings (including tax)	-	-	(30,330)	(30,330)
Distributed in the year				
Capital introduced	1,318	-	-	1,318
Repayment of capital	(1,697)	-	-	(1,697)
At 1 May 2022	**17,937**	**117**	**25,684**	**43,738**
Members' remuneration charged as an expense	-	-	36,492	**36,492**
Transactions with owners	-	-	**36,492**	**36,492**
Drawings (including tax)	-	-	(33,253)	**(33,253)**
Distributed in the year	-	(112)	112	-
Capital introduced	1,798	-	-	**1,798**
Repayment of capital	(1,619)	-	-	**(1,619)**
At 30 April 2023	**18,116**	**5**	**29,035**	**47,156**

Notes to the financial statements

For the year ended 30 April 2023

1 Entity information

Hill Dickinson LLP is a limited liability partnership and is incorporated in England and Wales. Its registered office is located at No. 1 St. Paul's Square, Liverpool, L3 9SJ.

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

2 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, The Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP) and Accounting by Limited Liability Partnerships, issued in July 2014. The financial statements have been prepared on the historical cost basis unless otherwise specified within these accounting policies.

The financial statements are presented in pounds Sterling (£) the LLP's functional currency.

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own income statement in these financial statements. The LLP's profit for the financial year after tax and before members' remuneration was £36,492k (2022: £40,770k).

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its facilities for a forecast period of more than 12 months from the approval date of these financial statements. Those facilities include an arranged overdraft facility (£8m undrawn facility, reviewed annually, most recently in August 2022) and an additional facility in the form of an RCF for £10m. The RCF runs for a period of three years ending in December 2025. These facilities were not drawn upon during the year to 30 April 2023 or since the end of the year and our current trading projections do not foresee the requirement to do so in the forecast period. These facilities have been put in place in order to provide additional assurance that we can continue to operate normally should trading and the impact on our revenues deteriorate significantly more than forecast even in our most pessimistic scenarios. We do not believe there are any material uncertainties regarding our ability to operate as a going concern and, accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

In spite of the current economic uncertainty impacting some of our clients we have seen no deterioration in revenues below the level expected and the pipeline remains healthy; indeed, and as set out in our business review, we are continuing to see growth across all parts of our business. Furthermore, we have a well-diversified business model and broad client base across a range of sectors, both in the UK and internationally. We have, however, performed stress-testing on our forecasts. In the preparation of these forecasts, we stress-tested the key assumptions relating to revenues and our client base, our cost base and cash flows as well as any additional mitigating actions we might take with respect to the management of our cost base and cash flows should we determine that the need arises. We are confident that even under the most severe of our scenarios we can take sufficient mitigating action to ensure that sufficient facilities remain available over the forecast period and compliance with our borrowing covenants is maintained, and accordingly the results of the stress-testing undertaken support our assessment of going concern. We do not consider that any structural changes to the Group are necessary to continue to operate as a going concern.

Notes to the financial statements

For the year ended 30 April 2023

The following principal accounting policies have been applied:

3 Principal accounting policies

3.1 Basis of consolidation

The consolidated financial statements present the results of the LLP and its own subsidiaries ("The Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair value at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

3.2 Turnover

Turnover represents the fair value of amounts receivable for services provided to clients, exclusive of value added tax and professional disbursements. Turnover is recognised as contract activity progresses, and as the right to consideration is earned. Fair value reflects the amount expected to be recovered from clients and is based on time spent, skills and expertise provided, and expenses incurred.

Turnover in respect of contingent fee assignments (over and above any minimum fee which is recognised as above) is recognised in the period when the contingent event occurs, and the fee is assured.

Turnover in respect of non-contingent fee assignments which has been recognised but not invoiced by the reporting date is included in debtors in 'Amounts recoverable on contracts. Amounts invoiced in advance of the completion of contractual obligations are included in deferred income.

3.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria can be demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale
- The intention to complete the software and use or sell it
- How the software will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the software
- The ability to measure reliably the expenditure attributable to the software during its development

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 3 – 10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Notes to the financial statements

For the year ended 30 April 2023

3.4 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying value of an item of fixed assets the cost of replacing part of such an item when that cost incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is recognised. Repairs and maintenance expenses are charged to the income statement during the period in which they are incurred.

.The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carry amount and are recognised in the income statement.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The rates applicable are:

• Leasehold improvements	Period of lease
• Computer equipment	3 - 10 years
• Fixtures, fittings, and office equipment	10 years (or length of lease where lower)
• Motor vehicles	3 - 4 years

3.5 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the consolidated income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

3.6 Cash

Cash comprises cash in hand and deposits repayable within three months or less from inception, less overdrafts payable on demand.

3.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

3.8 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 30 April 2023

3.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profits. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the consolidated income statement on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

3.10 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from group undertakings.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for the measuring of any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the consolidated statement of financial position date.

Notes to the financial statements

For the year ended 30 April 2023

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where amounts are considered virtually certain to be recovered from insurers in relation to claims, the amount is recognised as a reimbursement asset within debtors.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the consolidated income statement in the period it arises.

3.12 Taxation

Tax to be paid on the profits arising in the LLP are a personal tax liability of the members of the LLP and therefore are not included as a tax charge or provision within these financial statements. Tax as presented within these financial statements represents tax arising from other Group undertakings.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

3.13 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

3.14 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transaction, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the consolidated income statement in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to consolidated income statement.

Notes to the financial statements

For the year ended 30 April 2023

Translation of Group entities

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transaction are used. Exchange differences arising on the translation of Group companies are recognised in other comprehensive income and are not reclassified to the consolidated income statement.

4 Significant judgments and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Revenue recognition in relation to amounts recoverable on contracts

In assessing the correct amount of revenue to be recognised and the value of long-term contract balances, the members make the best estimates of forecast costs where the amounts are unknown or disputed in order to assess the percentage completion of each case. For other balances where a percentage completion basis is not utilised, the members use information from fee earners to assess the likely right to consideration and value the amounts recoverable on contracts on that basis.

5 Turnover

	2023 £'000	2022 £'000
Fees rendered for legal services	**129,591**	119,773

The analysis of turnover and profit for the year by geographical market have not been disclosed as the members believe this would be prejudicial for the Group.

6 Other operating income

	2023 £'000	2022 £'000
Rent receivable	**169**	582
	169	582

Other income relates to non-recurring, non-trading income.

Notes to the financial statements

For the year ended 30 April 2023

7 Other operating expenses

	2023 £'000	2022 £'000
Rent and rates	**6,208**	6,998
Insurances	**4,102**	3,338
Other operating charges	**18,809**	13,632
	29,119	23,968

8 Operating profit

	2023 £'000	2022 £'000
Operating lease payments – land and buildings	**4,822**	5,555
Depreciation – owned assets	**1,257**	997
Depreciation – assets under hire purchase contracts and finance leases	**164**	182
Defined contribution pension cost	**1,540**	1,314
Auditor's remuneration:		
- Audit services parent	**105**	87
- Audit services subsidiaries	**46**	42
- Other services pursuant to legislation	**-**	34
- Taxation services	**2**	13
- Advisory services	**-**	-

9 Staff costs

	2023 No.	2022 No.
Average number of full-time equivalent members and employees during the year:		
Member's (further details can be found in Note 13)	**141**	121
Other qualified legal staff	**292**	301
Other legal services staff	**188**	160
Secretarial and administration	**86**	94
Business support	**198**	181
	905	857

Employee costs during the year amounted to:	2023 £'000	2022 £'000
Salaries	**47,199**	43,314
Social security costs	**4,859**	4,141
Pension costs	**1,540**	1,314
	53,598	48,769

10 Net interest and similar charges

	2023 £'000	2022 £'000
Bank interest receivable	**645**	38
Bank interest payable	**(86)**	(165)
Other interest payable on leases	**(60)**	(52)
	499	(179)

Notes to the financial statements

For the year ended 30 April 2023

11 Tax on profit on ordinary activities

The tax charge arises within the subsidiary undertakings of the Group and represents:

	2023 £'000	2022 £'000
United Kingdom corporation tax at 19.49% (2022: 19%)	**469**	410

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained as follows:

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	**46,121**	46,260
Profits not subject to corporation tax as taxed under income tax	**(43,704)**	(44,102)
Profits on ordinary activities before tax of UK subsidiary undertakings subject to corporation tax	**2,417**	2,158
Tax on result of ordinary activities at 2023: 19.49% (2022: 19%)	**469**	410

12 Members' remuneration charged as an expense

Members' remuneration charged as an expense in the income statement represents profits allocated to members under the provisions of the Partnership Articles. These amounted to £43,344k (2022: £43,634k).

13 Members' share of profits

Profits are shared among the members in accordance with the provisions of the LLP Articles.

The average number of members during the year was as follows:

	2023 No	2022 No
Full equity members	**101**	54
Fixed share equity members	**40**	67
	141	121

Profit for the year attributable to the member with the largest entitlement to profit was £979k (2022: £1,026k).

Notes to the financial statements

For the year ended 30 April 2023

14 Intangible assets

Group and LLP	Software £'000
Cost	
At 1 May 2022 and 30 April 2023	**3,014**
Amortisation	
At 1 May 2022 and 30 April 2023	**3,014**
Net book value	
At 30 April 2023 and 30 April 2022	-

15 Tangible fixed assets

Group	Motor vehicles £'000	Fixtures, fittings, and office equipment £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 May 2022	1,265	1,857	7,878	16,286	27,286
Additions	486	143	731	1,267	2,627
Disposals	(320)	-	-	-	(320)
At 30 April 2023	**1,431**	**2,000**	**8,609**	**17,553**	**29,593**
Depreciation					
At 1 May 2022	348	1,663	6,767	14,446	23,224
Provided	164	55	664	538	1,421
Disposals	(138)	-	-	-	(138)
At 30 April 2023	**374**	**1,718**	**7,431**	**14,984**	**24,507**
Net book value					
30 April 2023	**1,057**	**282**	**1,178**	**2,569**	**5,086**
30 April 2022	917	194	1,111	1,840	4,062

Included within the net book value of motor vehicles is £1,057k (2022: £917k) relating to assets held under finance lease or hire purchase contracts. The depreciation charged to the financial statements in the year in respect of such assets amounted to £164k (2022: £182k).

Notes to the financial statements

For the year ended 30 April 2023

15 Tangible fixed assets (continued)

LLP	Motor vehicles £'000	Fixtures, fittings, and office equipment £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At 1 May 2022	1,266	1,579	7,547	15,255	25,647
Additions	485	88	676	1,086	2,335
Disposals	(320)	-	-	-	(320)
At 30 April 2023	**1,431**	**1,667**	**8,223**	**16,341**	**27,662**
Depreciation					
At 1 May 2022	357	1,423	6,495	13,618	21,893
Provided	164	34	623	420	1,241
Disposals	(138)	-	-	-	(138)
At 30 April 2023	**383**	**1,457**	**7,118**	**14,038**	**22,996**
Net book value					
30 April 2023	**1,048**	**210**	**1,105**	**2,303**	**4,666**
30 April 2022	909	156	1,052	1,637	3,754

Included within the net book value of motor vehicles is £1,048k (2022: £909k) relating to assets held under finance lease or hire purchase contracts. The depreciation charged to the financial statements in the year in respect of such assets amounted to£164k (2022:£182k).

16 Fixed assets investments

LLP	Shares in subsidiary Undertakings £'000
Cost	
At 1 May 2022 and 30 April 2023	374
Net book value at 30 April 2022 and 30 April 2023	**374**

A full list of other subsidiary undertakings is disclosed in Note 17.

Notes to the financial statements

For the year ended 30 April 2023

17 Subsidiary undertakings

At 30 April 2023, Hill Dickinson LLP held an interest of 100% of the allotted share capital of the following companies incorporated in England and Wales, unless stated below.

	Class of share capital held	Proportion held by the LLP	Principal activity
Hill Dickinson Business School Limited	Ordinary	100%	Dormant
Hill Dickinson Business Services Limited	Ordinary	100%	Employment service company
Hill Dickinson Hong Kong Business Services Limited *1	Ordinary	100%	Employment service company
Hill Dickinson Hong Kong *1	n/a	100%	Legal services
Hill Dickinson International *2	n/a	100%	Legal services
Hill Dickinson International Limited	Ordinary	100%	Dormant
Hill Dickinson Limited	Ordinary	100%	Dormant
Hill Dickinson S.A.M. *3	Ordinary	100%	Legal services
Hill Dickinson Services (London) Limited	Ordinary	100%	Dormant
Hill Dickinson Services Limited	Ordinary	100%	Dormant
Hill Dickinson Services Singapore (PTE LTD) *4	Ordinary	100%	Employment service company
Hill Dickinson Trust Corporation Limited	Ordinary	100%	Dormant
Hill Taylor Dickinson	Ordinary	100%	Dormant
Hill Dickinson International–Chauhan–Mosidou–Karamanos Law Firm *5	n/a	n/a	Legal services
St Pauls Secretaries Limited	Ordinary	100%	Dormant
St Pauls Trustees Limited	Ordinary	100%	Dormant
HDCO5 Limited	Ordinary	100%	Dormant
Hill Dickinson Pension Trustees Limited *6	Ordinary	100%	Legal services

*1 Hill Dickinson Hong Kong Business Services Limited is incorporated in Hong Kong and Hill Dickinson Hong Kong is a Hong Kong general partnership.

*2 Hill Dickinson International is a general partnership which is authorised by the SRA as a recognised body to provide reserved legal activities.

*3 Hill Dickinson S.A.M. is incorporated in Monaco.

*4 Hill Dickinson Services Singapore (PTE LTD) is incorporated in Singapore.

*5 Hill Dickinson International–Chauhan–Mosidou–Karamanos Law Firm is a Greek partnership whose results are consolidated into the results of the Group on the basis of the Group's controlling interest in the entity.

*6 This was dissolved on the 31st January 2023.

Notes to the financial statements

For the year ended 30 April 2023

18 Debtors

	Group		LLP	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Amounts recoverable on contracts	**15,329**	14,603	**13,757**	13,055
Trade debtors and disbursements	**29,431**	25,117	**24,058**	21,112
Amount due from Group undertakings	**-**	-	**2,456**	2,951
Other debtors	**2,257**	407	**1,960**	78
Prepayments	**4,783**	5,533	**4,166**	4,944
	51,800	45,660	**46,397**	42,140

An impairment loss of £2,095k (2022: £1,272k) and £376k (2022: £371k) was recognised against trade debtors and disbursements respectively for the Group.

An impairment loss of £1,561k (2022: £752k) and £356k (2022: £351k) was recognised against trade debtors and disbursements respectively for the LLP.

19 Creditors: amounts falling due within one year

	Group		LLP	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**1,250**	1,000	**1,250**	1,000
Amounts due under finance leases	**714**	700	**714**	700
Trade creditors	**1,857**	1,704	**1,390**	1,320
Counsel and expert creditors	**4,622**	4,893	**4,556**	4,831
Amount due to Group undertakings	**-**	-	**6,435**	7,278
Accruals and other creditors	**7,461**	7,327	**2,470**	1,867
Deferred income	**597**	582	**597**	583
Social security, VAT, and other taxes	**2,764**	2,631	**1,860**	1,696
Corporation tax	**200**	188	**-**	-
	19,465	19,025	**19,272**	19,275

The bank loans and overdrafts are unsecured. The amounts due under finance leases are secured on the assets to which they relate.

Repayment of bank loans and finance leases are disclosed in Note 22.

Pension contributions are paid monthly in arrears. As at 30 April 2023 £148k (2022: £107k) was outstanding.

Notes to the financial statements

For the year ended 30 April 2023

20 Creditors: amounts falling due after more than one year

	Group		LLP	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loans	**-**	1,250	**-**	1,250
Amounts due under finance leases	**297**	221	**297**	221
Other creditors	**3,229**	805	**3,229**	805
	3,526	2,276	**3,526**	2,276

Amounts due under loans and finance leases are secured on the assets to which they relate.

Repayment of unsecured bank loans and finance leases are disclosed in Note 22.

21 Provisions for liabilities and charges

Group	Total as at 1 May 2022 £'000	Utilised in year £'000	Provided in year £'000	**Total as at 30 April 2023 £'000**
Provision category				
Dilapidations	3,018	-	152	**3,170**
Onerous lease	260	(260)	-	**-**
Professional indemnity claims	1,382	(481)	750	**1,651**
	4,660	(741)	902	**4,821**

LLP	Total as at 1 May 2022 £'000	Utilised in year £'000	Provided in year £'000	**Total as at 30 April 2023 £'000**
Provision category				
Dilapidations	2,985	-	125	**3,110**
Onerous lease	260	(260)	-	**-**
Professional indemnity claims	1,382	(481)	750	**1,651**
	4,627	(741)	875	**4,761**

The provision for dilapidations is in respect of potential liabilities for dilapidations on premises leased by the Group. In determining the provision in respect of dilapidations the members make a decision based on external information received from a third-party expert.

The provision for professional indemnity claims is a best estimate of the amounts considered probable to be incurred by the group for such claims. The members consider further disclosure in relation to this amount would risk being seriously prejudicial to the interests of the partnership.

The onerous lease provision represents the best estimate of the excess of future costs over likely economic benefit arising from lease arrangements that the partnership is committed to.

Notes to the financial statements

For the year ended 30 April 2023

21 Provisions for liabilities and charges (continued)

The provisions are expected to be utilised as follows:

Group	Dilapidations	Onerous Lease	Professional indemnity claims
	£'000	£'000	£'000
In less than one year	1,666	-	1,651
Between two and five years	151	-	-
Between six and 10 years	1,353	-	-
	3,170	-	**1,651**

LLP	Dilapidations	Onerous Lease	Professional indemnity claims
	£'000	£'000	£'000
In less than one year	1,666	-	1,651
Between two and five years	151	-	-
Between six and 10 years	1,293	-	-
	3,110	-	**1,651**

22 Bank borrowings and finance leases

Bank loans - Group and LLP

	2023	2022
	£'000	£'000
These are repayable as follows:		
Within one year	**1,250**	1,000
Within one to two years	**-**	1,250
	1,250	2,250

Finance leases - Group and LLP

	2023	2022
	£'000	£'000
These are repayable as follows:		
Within one year	**714**	700
Within one to two years	**218**	189
Within two to five years	**79**	32
	1,011	921

The bank loan is repayable in instalments of £250,000 until October 2023. The facility is unsecured and the proportion of the loan falling due within one year is shown within bank loan above.

Notes to the financial statements

For the year ended 30 April 2023

23 Obligations under operating leases

At 30 April 2023 the Group and LLP had future minimum lease payments under non-cancellable operating leases were as follows:

Group	2023 **Land and buildings £'000**	2022 Land and buildings £'000
Minimum lease payments:		
Within one year	**4,482**	4,376
Within one to five years	**12,388**	13,310
After five years	**6,151**	9,125
	23,021	26,811

LLP	2023 **Land and buildings £'000**	2022 Land and buildings £'000
Minimum lease payments:		
Within one year	**3,967**	4,048
Within one to five years	**11,990**	13,097
After five years	**6,151**	9,125
	22,108	26,270

24 Committed receipts under operating leases

At 30 April 2023 the Group and LLP had future minimum lease receipts under non-cancellable operating leases as follows:

Group	2023 **Land and buildings £'000**	2022 Land and buildings £'000
Minimum lease payments:		
Within one year	61	99
Within one to five years	-	20
After five years	-	-
	61	119

LLP	2023 **Land and buildings £'000**	2022 Land and buildings £'000
Minimum lease payments:		
Within one year	61	99
Within one to five years	-	20
After five years	-	-
	61	119

Notes to the financial statements

For the year ended 30 April 2023

25 Net debt – comprises cash and cash equivalents and borrowings

	2023 £'000	2022 £'000
Cash and cash equivalents	**26,307**	27,479
Bank loans and overdrafts	**(1,250)**	(1,000)
Finance lease and hire purchase contract – current	**(714)**	(700)
Current net debt	**24,343**	25,779
Bank loans	-	(1,250)
Finance lease and hire purchase contract	**(297)**	(221)
Net debt	**24,046**	24,308

	2022 £'000	Net cash used in financing activities £'000	Reallocation £'000	2023 £'000
Borrowings:				
Current	1,700	(910)	1,174	1,964
Non-current	1,471	-	(1,174)	297
	3,171	**(910)**	-	**2,261**

26 Pensions

The Group operates a defined contribution pension scheme. The amount charged to the consolidated income statement in respect of pension costs and other post-retirement benefits is the contribution payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

27 Transactions with related parties

The LLP does not have a parent undertaking. The ultimate controlling party of the Group is considered to be the members in aggregate.

There were no transactions with related parties in either year that require disclosure in accordance with FRS 102.33.

The individuals that are considered by the Group to be key management personnel have received remuneration totalling £9,257k (2022: £8,455k).

28 Capital commitments

At 30 April 2023 capital commitments were £Nil (2022: £Nil).