

# Financial Statements

## Howes Percival LLP

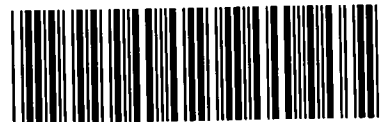
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For the year ended 30 April 2022



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COMPANIES HOUSE

Company No. OC322781

## Designated members and advisors

LLP registration number	OC322781
Registered office	Nene House 4 Rushmills Northampton NN4 7YB
Designated members	G K Davies P K Bailey S P Maggs M A Green
Bankers	HSBC Bank PLC 22 Abington Street Northampton NN1 2AJ
Auditor	RSM UK AUDIT LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

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## Report of the members

The members present their report and the financial statements of the LLP for the year ended 30 April 2022.

### **Policy with respect to members' drawings and subscription and repayment of members' capital**

Drawings are paid during the year in anticipation of profits which will be allocated to members by automatic division at the end of the year. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs and budgets of the LLP, and kept under review by the board throughout the year.

Members are required to subscribe capital to the LLP at levels determined by the board. The amount of their contribution may change based on the requirements of the practice. On retirement and cessation, capital falls due for repayment to members and therefore is disclosed as a liability.

### **Principal activities**

Howes Percival LLP remains committed to providing innovative, pragmatic and commercial legal solutions to businesses and their owners, the firm's public sector clients and private clients from its principal locations in Norwich, Cambridge, Northampton, Leicester, Milton Keynes and Manchester.

### **Designated members during the year**

The designated members, who have been in office since 1 May 2021 are:

G K Davies  
P K Bailey  
M A Green  
S P Maggs

### **Statement of members' responsibilities in respect of the financial statements**

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

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires 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).

Under the 2008 Regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the members are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent; and
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. 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.

## Report of the members

### Statement of members' responsibilities in respect of the financial statements (cont)

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

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

### 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'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's auditor is aware of that information.

### Auditor

A resolution to re-appoint RSM UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006 as modified for the Limited Liability Partnerships Regulations 2008.

ON BEHALF OF THE MEMBERS



P K BAILEY  
Designated member  
5 December 2022

## Independent auditor's report to the members of Howes Percival LLP

### Opinion

We have audited the financial statements of Howes Percival LLP (the 'limited liability partnership') for the year ended 30 April 2022 which comprise the profit and loss account, balance sheet, cash flow statement, reconciliation of members' interests and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 limited liability partnership's affairs as at 30 April 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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, we do not express any form of assurance conclusion thereon.

## Independent auditor's report to the members of Howes Percival LLP

### Other information (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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 applied to limited liability partnerships requires us to report to you if, in our opinion:

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

### Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on pages 3 and 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### 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.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

## Independent auditor's report to the members of Howes Percival LLP

### **The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP 2018. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are compliance with the Solicitors Regulation Authority Code of Conduct, including the Solicitors Accounts Rules as regulated by the Solicitors Regulation Authority in the UK. We performed audit procedures to inquire of management and those charged with governance whether the limited liability partnership is in compliance with these laws and regulations. We inspected compliance documentation, enquired over any risk and breaches in the year and reviewed regulatory returns.

The audit engagement team identified the risk of management override of controls, the existence and valuation of amounts recoverable on contracts as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the valuation of revenue, trade debtors and amounts recoverable on contracts through substantive testing.

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



## Independent auditor's report to the members of Howes Percival LLP

### 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.

*Sarah Mason*

**Sarah Mason** (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1BP.

Date: 14/12/22

## Principal accounting policies

### Entity information and principal activity

Howes Percival is a Limited Liability Partnership registered in England and Wales, and its registered address is Nene House, 4 Rushmills, Northampton, NN4 7YB.

The principal activity of Howes Percival LLP is the provision of legal services.

### Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP) Accounting by Limited Liability Partnerships (published December 2018). The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling, rounded to the nearest whole pound (£).

The principal accounting policies of the LLP are also set out below and have remained unchanged from the previous year, except where otherwise stated.

### Going concern

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

The members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the firm to continue as a going concern. That conclusion is based on a process of risk management, assessment of future expenditure, budget control and revenue and cash flow forecasting undertaken around the year end and reviewed again in October 2022 to ensure any changes in market and economic conditions have been captured.

In coming to this conclusion, the members have considered the current cost of living crises and increasing inflation and interest rates and the firm's ability to continue under such conditions, illustrated by the performance of the firm over the last financial year and continuing into the current year. The members have considered forecasts and other information to demonstrate the ability of the LLP to maintain revenue at a level to cover costs and other cashflows, as well as its cash base to ensure sufficient liquidity to pay debts as they fall due, for a period of at least 12 months from the date of signing these financial statements. Due to the diversity of the legal services that the firm provides, and based on historic precedent, during an economic downturn where demand in some sectors decreases, this is expected to be compensated by increasing demand in other sectors.

### Turnover

Turnover consists of fees and expenses arising from services provided. It is stated at the fair value of consideration receivable, excluding value added tax.

Revenue from services is recognised when the LLP has performed its obligations and in exchange obtained the right to consideration.

Turnover includes the difference in valuation from one balance sheet date to the next in amounts recoverable on contracts.

## Principal accounting policies

### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### Amounts recoverable on contracts

As a general principle, services provided during the year which at the balance sheet date have not been billed to clients are recognised as turnover in accordance with FRS 102. Turnover thus recognised is based on an assessment of the fair value of services provided to the balance sheet date as a proportion of the total value of the engagement. Unbilled revenue is included in debtors.

Certain services provided by the LLP are undertaken on a contingent basis, and the LLP is not entitled to revenue until such time as the contingency is satisfied. The LLP accounts for such services at the balance sheet date at valuation less a provision for estimated recovery, on a matter by matter basis, and matches the costs deferred from one accounting period to the next against revenue when the LLP becomes entitled to that revenue. Such contingent work in progress is included within amounts recoverable under contracts at the balance sheet date.

The valuation of contingent matters requires management to make significant estimates and judgements in relation to the likely future outcome of those matters, particularly in relation to insolvency litigation. If it is considered likely that the litigation will succeed, and that there will be insolvency recoveries sufficient to settle amounts due to the LLP, the cost of services in progress at the balance sheet date is recognised in amounts recoverable under contracts. If there is doubt as to recovery, provision is made against costs incurred. If the contingency has been satisfied and the LLP is entitled to revenue which will be paid at a future date, the amount to which the LLP is entitled based on services provided is included in amounts recoverable under contracts. No profit is recognised until such time as the LLP becomes entitled to it.

### Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to write off the cost of each asset on a straight line basis over its useful economic life, assessed as over the following periods:

Property improvements	-	the primary or remaining lease period, whichever is the shorter
Fixtures & fittings	-	5 to 10 years
Computer equipment	-	4 to 5 years
Motor vehicles	-	7 years
Other equipment	-	3 to 7 years

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives as follows:

Software	-	4 years
Assets under construction	-	not amortised until the accounting period in which they are brought into use.

### Debtors

Trade debtors are measured at transaction price, less any impairment.

### Restricted

## Principal accounting policies

### Creditors

Trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The LLP recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the remainder of the calendar year. The provision is measured at the salary cost payable for the period of absence.

### Operating lease agreements

Leases where substantially all of the risks and rewards of ownership remain with the lessor are treated as operating leases. Rentals under operating leases are charged against profits on a straight line basis over the period of the lease. The aggregate benefits of any lease incentives are recognised as a reduction to the expense, recognised over the lease term on a straight line basis. Benefits of lease incentives arising prior to 1 May 2015 were recognised over the shorter of the lease term and the period to the first rent review.

### Members' remuneration

Under the LLP's member remuneration system, all profits earned in the year are required to be fully allocated to the members and are therefore deemed to be allocated in the year they are earned. Only the split of the profits between members is determined after the year end.

### Members' interests and current and non-current debts due to and from members

Members subscribe capital to the LLP in accordance with amounts determined by the members. Members' capital may only be withdrawn when a member leaves the LLP through retirement or cessation. As member capital and current accounts may be repayable over a period of two years after retirement, amounts due to members may comprise both current liabilities and amounts due after more than one year.

Drawings by members on account of profits not allocated by the balance sheet date or those in excess of amounts automatically divided between members are classified as current assets. Amounts automatically divided between members in excess of drawings on account of profits are classified as current liabilities.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

### Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, except where the transaction is to be settled using a contracted rate, in which case that rate is used. Monetary assets and liabilities in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are credited or charged to the profit and loss account as they arise.

## Principal accounting policies

### Taxation

Taxation payable on LLP profits is the personal liability of the members, and consequently neither taxation nor deferred taxation are accounted for in relation to the LLP.

### Retirement benefits

The LLP operates a defined contribution pension scheme for its employees. Employer contributions payable to the scheme are charged against operating profits. Any differences in the contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments.

### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and short term deposits, less overdrafts payable on demand.

### Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### Judgements and estimates

The preparation of financial statements requires management to make significant judgements and estimates. The key areas where judgements and estimates are made by management are noted below.

#### Provisions for liabilities

In accordance with FRS 102, provisions are recognised to the extent there is a present obligation resulting from a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. The firm provides for the expected cost of dilapidations at each of its leasehold premises over the period remaining to the end of the lease, to the extent it is probable it faces a dilapidations liability and such liability can be measured or estimated reliably. Costs incurred in maintaining the buildings in good and substantial repair are taken into account in assessing the extent of any provision required. The exercise of this policy can involve significant judgements and estimates relating to future reinstatement obligations to the extent that a formal independent assessment of the liability has not yet been carried out.

#### Other significant estimates and judgements

##### *Professional indemnity claims*

The LLP makes provision for its exposure to professional indemnity claims and circumstances which may give rise to a claim based on notifications to its professional indemnity insurers by the balance sheet date. Where no claim has been made or quantified, management makes an estimate of the firm's potential liability following discussion with its insurers. The estimate is varied based on subsequent changes in the circumstance or claim. Should no claim arise from a circumstance notified, the provision may be released when management considers it appropriate to do so. All such amounts are included in creditors.

## Principal accounting policies

### Judgements and estimates (continued)

#### Other significant estimates and judgements (continued)

##### *Bad debt provision*

The LLP makes a provision for the recoverable value of trade and other debtors, in which a significant judgement is applied. When assessing recoverability of individual debts, management consider factors including current credit rating, ageing profile of the debt and historical experience.

##### *Amounts recoverable on contracts valuation*

Significant judgement is applied in assessing the recoverable amount of unbilled work performed on behalf of a client. Consideration is given to the historic recovery rates of unbilled work when making the judgement. When work is undertaken where the ability to bill it is based upon contingent events, or is conditional on outcomes then unless the relevant event or outcome has been crystallised, or can be reliably foreseen, such unbilled work is valued based on expected recovery.

## Profit and loss account

	Note	2022 £	2021 £
<b>Turnover</b>	1	<b>26,376,677</b>	23,577,809
Administrative expenses		(15,705,170)	(13,415,802)
Other operating income		-	614,004
<b>Operating profit</b>	2	<b>10,671,507</b>	10,776,011
Interest receivable and similar income	5	77,319	51,258
Interest payable and similar charges	5	(71,885)	(56,096)
<b>Profit for the year before members' remuneration and profit shares</b>		<b>10,676,941</b>	10,771,173
Profit for the year before members' remuneration and profit shares		10,676,941	10,771,173
Members' remuneration charged as an expense		(10,676,941)	(10,771,173)
<b>Result for the year available for discretionary division among members</b>		<b>-</b>	-

## Balance sheet

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	6	884,015	1,157,958
Intangible assets	7	1,018,498	842,588
Investments	8	-	-
		<u>1,902,513</u>	<u>2,000,546</u>
<b>Current assets</b>			
Debtors	9	13,387,389	11,411,191
Cash at bank and in hand		<u>1,400,046</u>	<u>6,217,394</u>
		14,787,435	17,628,585
<b>Creditors: amounts falling due within one year</b>	10	(3,384,775)	(3,764,274)
<b>Net current assets</b>		<u>11,402,660</u>	<u>13,864,311</u>
<b>Total assets less current liabilities</b>		13,305,173	15,864,857
<b>Creditors: amounts falling due after more than one year</b>	10	(901,399)	(2,939,866)
Provisions for liabilities and charges	12	(452,501)	(397,500)
<b>Net assets attributable to members</b>		<u>11,951,273</u>	<u>12,527,491</u>
<b>Represented by:</b>			
Members' capital classified as a liability		6,288,334	6,650,000
Other amounts		<u>5,662,939</u>	<u>5,877,491</u>
		11,951,273	12,527,491
<b>Total members' interests</b>			
Members' other interests – loans and other debts due to members		<u>11,951,273</u>	<u>12,527,491</u>

These financial statements were approved by the members on 5 December 2022 and are signed on their behalf by:



P K BAILEY  
Designated Member



G K DAVIES  
Designated Member

Registered number OC322781



## Cash flow statement

	Note	2022 £	2021 £
<b>Operating activities</b>			
<i>Transactions with non-members:</i>			
Cash used in operations	15	(1,940,120)	(594,819)
Interest paid		(45,682)	(32,117)
<i>Transactions with members and former members</i>			
Members' remuneration charged as an expense		10,676,941	10,771,173
Payment of profit to members and former members		(10,879,378)	(9,912,618)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(2,188,239)</b>	<b>231,619</b>
<b>Investing activities</b>			
<i>Transactions with non-members:</i>			
Purchase of tangible fixed assets		(128,471)	(82,204)
Proceeds on disposal of tangible assets		-	729
Purchase of intangible assets		(358,294)	(340,812)
Interest received		77,319	51,258
<b>Net cash used in investing activities</b>		<b>(409,446)</b>	<b>(371,029)</b>
<b>Financing activities</b>			
<i>Transactions with non-members:</i>			
Interest paid		(26,203)	(23,979)
Proceeds of new bank loans		336,000	2,698,000
Repayment of bank loans		(2,178,552)	(348,768)
Payment of obligations under finance leases		(140,909)	(137,350)
<i>Transactions with members and former members</i>			
Capital introduced by new members		656,250	560,000
Capital repaid to members and former members		(866,249)	(46,667)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(2,219,663)</b>	<b>2,701,236</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(4,817,348)</b>	<b>2,561,826</b>
Cash and cash equivalents at beginning of year		6,217,394	3,655,568
Cash and cash equivalents at the end of the year		<b>1,400,046</b>	<b>6,217,394</b>
<b>Relating to:</b>			
Cash at bank and in hand		<b>1,400,046</b>	<b>6,217,394</b>

## Reconciliation of members' interests

	Members' capital - liability	Loans and other debts due (from)/ to members	Total
	£	£	£
<b>Amounts due to members at 1 May 2020</b>	<b>6,125,000</b>	<b>4,993,832</b>	<b>11,118,832</b>
Transfer to former members	(23,333)	(38,057)	(61,390)
Members' remuneration charged as an expense	-	10,771,173	10,771,173
<i>Members' interests after profit for the year</i>	<u>6,101,667</u>	<u>15,726,948</u>	<u>21,828,615</u>
Capital contributed	560,000	-	560,000
Capital repaid	(11,667)	-	(11,667)
Drawings	-	(9,845,069)	(9,845,069)
Due to former members	-	(4,388)	(4,388)
<i>Amounts due to members</i>	<u>6,650,000</u>	<u>5,877,491</u>	<u>12,527,491</u>
<i>Amounts due from members</i>	-	-	-
<b>Members' interests at 30 April 2021 and 1 May 2021</b>	<b>6,650,000</b>	<b>5,877,491</b>	<b>12,527,491</b>
Transfer to former members	(513,333)	(275,271)	(788,604)
Members' remuneration charged as an expense	-	10,676,941	10,676,941
<i>Members' interests after profit for the year</i>	<u>6,136,667</u>	<u>16,279,161</u>	<u>22,415,828</u>
Capital contributed	656,250	-	656,250
Capital repaid	(504,583)	-	(504,583)
Drawings	-	(10,469,486)	(10,469,486)
Due to former members	-	(146,736)	(146,736)
<i>Amounts due to members</i>	<u>6,288,334</u>	<u>5,662,939</u>	<u>11,951,273</u>
<i>Amounts due from members</i>	-	-	-
<b>Members' interests at 30 April 2022</b>	<b><u>6,288,334</u></b>	<b><u>5,662,939</u></b>	<b><u>11,951,273</u></b>

## Notes to the financial statements

### 1 Turnover

Turnover and operating profit are both attributable to the provision of legal services in the United Kingdom.

<i>Turnover comprises:</i>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fees and expenses billed	<b>25,582,587</b>	22,638,388
Changes in amounts recoverable on contracts	<b>794,090</b>	939,421
	<b><u>26,376,677</u></b>	<b><u>23,577,809</u></b>

### 2 Operating profit

<i>Operating profit is stated after charging:</i>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Auditor's remuneration:		
Audit fees	<b>25,000</b>	24,300
Other	<b>23,329</b>	19,430
Amortisation of intangible assets	<b>182,384</b>	66,642
Depreciation of owned fixed assets	<b>262,565</b>	270,596
Depreciation of leased assets	<b>139,191</b>	139,191
Loss on disposal of fixed assets	<b>658</b>	426
Bad debt expense	<b>15,724</b>	17,220
Operating lease rentals – land and buildings	<b><u>850,333</u></b>	<b><u>830,345</u></b>

### 3 Members and staff

<i>Staff costs during the year (excluding members) were as follows:</i>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>7,859,310</b>	6,931,604
Social security costs	<b>863,521</b>	708,289
Pension contributions	<b>780,193</b>	667,369
Other staff costs	<b>600,063</b>	345,370
	<b><u>10,103,087</u></b>	<b><u>8,652,632</u></b>

*The average number of members and employees of the LLP during the year was:*

	<b>2022</b>	<b>2021</b>
Members	<b>50</b>	49
Employees	<b><u>233</u></b>	<b><u>222</u></b>
	<b><u>283</u></b>	<b><u>271</u></b>

Profits are shared amongst members after the end of the year in accordance with agreed profit sharing arrangements. The profit allocated for the year to the member with the largest entitlement was £337,014 (2021 - £354,340).

## Notes to the financial statements

### 4 Retirement benefits

The LLP operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are managed and held externally on behalf of the scheme members in funds independent from those of the LLP. Employer contributions payable to the scheme during the year amounted to £780,193 (2021 - £667,369). Employee and employer contributions payable to the scheme at the balance sheet date amounted to £73,782 (2021 - £57,158).

### 5 Net interest

	2022 £	2021 £
Interest receivable and similar income	77,319	51,258
Interest payable and similar charges	(71,885)	(56,096)
	<u>5,434</u>	<u>(4,838)</u>

### 6 Tangible fixed assets

	Property improvements £	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Other equipment £	Total £
<i>Cost</i>						
At 1 May 2021	1,176,127	527,465	2,108,060	12,525	230,087	4,054,264
Additions	-	350	116,467	-	11,654	128,471
Disposals	-	-	(23,682)	-	-	(23,682)
At 30 April 2022	<u>1,176,127</u>	<u>527,815</u>	<u>2,200,845</u>	<u>12,525</u>	<u>241,741</u>	<u>4,159,053</u>
<i>Depreciation</i>						
At 1 May 2021	738,431	347,961	1,599,515	11,481	198,918	2,896,306
Charge for the year	105,722	40,115	241,338	1,044	13,537	401,756
Eliminated on disposals	-	-	(23,024)	-	-	(23,024)
At 30 April 2021	<u>844,153</u>	<u>388,076</u>	<u>1,817,829</u>	<u>12,525</u>	<u>212,455</u>	<u>3,275,038</u>
<i>Net book value,</i>						
At 30 April 2022	<u>331,974</u>	<u>139,739</u>	<u>383,016</u>	<u>-</u>	<u>29,286</u>	<u>884,015</u>
At 30 April 2021	<u>437,696</u>	<u>179,504</u>	<u>508,545</u>	<u>1,044</u>	<u>31,169</u>	<u>1,157,958</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, as follows:

	2022 £	2021 £
Computer equipment	<u>163,181</u>	<u>302,372</u>

Restricted

## Notes to the financial statements

### 7 Intangible assets

	Software £	Assets under construction £	Total £
<i>Cost</i>			
At 1 May 2021	359,260	558,976	918,236
Transfer	558,976	(558,976)	-
Additions	358,294	-	358,294
At 30 April 2022	1,276,530	-	1,276,530
<i>Amortisation</i>			
At 1 May 2021	75,648	-	75,648
Charge for the year	182,384	-	182,384
At 30 April 2022	258,032	-	258,032
<i>Net Book value</i>			
At 30 April 2022	1,018,498	-	1,018,498
At 30 April 2021	283,612	558,976	842,588

### 8 Investments

At 1 May 2021 and 30 April 2022 Howes Percival LLP held more than 20% of the allotted ordinary share capital of the following undertakings:

	Country of registration	Proportion held	Nature of business
HP Secretarial Services Limited	England and Wales	100%	Dormant
HP Nominees Limited	England and Wales	100%	Dormant

### 9 Debtors

	2022 £	2021 £
Trade debtors	5,920,021	4,886,208
Amounts recoverable on contracts	6,394,982	5,600,892
Prepayments and accrued income	1,070,986	922,691
Amounts due from members	1,400	1,400
	<b>13,387,389</b>	<b>11,411,191</b>

## Notes to the financial statements

### 10 Creditors

#### Amounts falling due within one year:

	2022 £	2021 £
Bank loans	558,376	429,835
Net obligations under finance leases and hire purchase contracts	137,374	140,909
Trade creditors	137,160	27,103
Other taxation and social security	679,561	1,442,161
Other creditors	80,896	61,778
Amounts due to former members	121,503	27,721
Accruals and deferred income	1,669,905	1,634,767
	<b>3,384,775</b>	<b>3,764,274</b>

#### Amounts falling due after more than one year:

	2022 £	2021 £
Bank loans	805,468	2,776,561
Net obligations under finance leases and hire purchase contracts	25,931	163,305
Amounts due to former members	70,000	-
	<b>901,399</b>	<b>2,939,866</b>

#### Bank loans are repayable as follows:

	2022 £	2021 £
Within one year	558,290	429,835
Between one and two years	220,505	726,463
Between two and five years	584,963	1,841,765
Greater than five years	-	208,333
	<b>1,363,758</b>	<b>3,206,396</b>

#### Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	137,459	140,909
Between one and two years	25,931	137,374
Between two and five years	-	25,931
	<b>163,390</b>	<b>304,214</b>

All bank loans are measured at amortised cost.

Bank loans are unsecured and are all payable in instalments. The interest rates on loans are at LIBOR plus between 1.8% and 3.99%. The loans are repayable between April 2023 and February 2026.

Finance leases and hire purchase contracts are secured on the assets concerned.

## Notes to the financial statements

### 11 Related party transactions

In the opinion of the members there is no controlling party as defined by Financial Reporting Standard 102 "Related party disclosures".

The LLP has taken advantage of the exemptions in Financial Reporting Standard 102 not to disclose related party transactions between the LLP and its wholly owned subsidiary undertakings.

Key management personnel compensation:	2022	2021
	£	£
Total remuneration of designated members and other LLP members who are members of the LLP Board	<u>1,276,590</u>	<u>1,330,484</u>

### 12 Provisions for liabilities and charges

	Provision for dilapidations £
At 1 May 2021	397,500
Released in year	-
Change in provision	55,001
At 30 April 2022	<u>452,501</u>

### 13 Capital commitments

The LLP had no capital commitments at 30 April 2022 or at 30 April 2021.

### 14 Contingent liabilities

There were no contingent liabilities at either 30 April 2022 or 30 April 2021.

### 15 Cash generated from operations

	2022	2021
	£	£
Profit for the period	-	-
<b>Adjustments for:</b>		
Interest payable	71,885	56,096
Operating interest receivable	(77,319)	(51,258)
Loss on disposal of tangible assets	658	426
Depreciation of tangible assets	401,756	409,787
Amortisation of intangible assets	182,384	66,642
Provision movements	55,001	58,800
	<u>634,365</u>	<u>540,493</u>
<b>Movements in working capital:</b>		
Increase in debtors	(1,976,198)	(785,572)
Decrease in creditors	(598,287)	(349,740)
	<u>(1,940,120)</u>	<u>(594,819)</u>

## Notes to the financial statements

### 16 Analysis of changes in net debt

	1 May 2021	Cash flows	Other non-cash changes	30 April 2022
	£	£	£	£
Cash at bank and in hand	6,217,394	(4,817,348)	-	1,400,046
Bank loans	(3,206,396)	1,842,552	-	(1,363,844)
Obligations under finance leases	(304,214)	140,909	-	(163,305)
At 30 April 2022	2,706,784	(2,833,887)	-	(127,103)

### 17 Leasing commitments

The LLP has the following total future minimum commitments under non-cancellable operating leases falling due:

	2022 £	2021 £
<i>Land and buildings</i>		
Within one year	851,154	887,612
2 – 5 years	2,540,114	2,770,687
More than 5 years	2,392,254	3,012,835
	<u>5,783,522</u>	<u>6,671,134</u>

### 18 Financial risk management

The LLP has exposure to two main areas of risk, liquidity risk and client credit exposure. To a lesser extent it is exposed to interest rate risk. It has minimal direct currency risk.

#### *Liquidity risk*

The objective of the LLP in managing liquidity risk is to ensure it can meet its financial obligations as and when they fall due. The firm expects to meet its financial obligations through management of its operating cash flows. In the event the operating cash flows would not cover all of the LLP's financial obligations it does have access to an overdraft facility. The LLP does expect to meet its financial commitments and obligations as they fall due.

#### *Client credit exposure*

The LLP may offer credit terms to its clients. The LLP is at risk to the extent that a client may be unable to pay amounts due, either by due dates or at all. The risk is mitigated by strong client relationships and credit management.

#### *Interest rate risk*

The LLP has entered into term loans for periods of up to 5 years, all at fixed rates of interest, currently of between 2.28% and 3.45%. In the event the LLP calls on its overdraft facility it would be exposed to interest rates linked to bank base rate.

### 19 Debenture

HP Security Trustee Limited holds a debenture including fixed and floating charges over the assets of the LLP, as security for the loans and other debts due to members, excluding members' capital. The debenture would only be triggered in the event of an insolvency of the LLP or a debt restructuring event.