

**Registered number: OC322935**

**Taylor Wessing Limited Liability Partnership**

**Annual report and financial statements**

**for the year ended 30 April 2023**



# **Taylor Wessing Limited Liability Partnership**

## **Report and financial statements 2023**

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# Taylor Wessing Limited Liability Partnership

## Members' report

The board is pleased to present its report to the members of Taylor Wessing Limited Liability Partnership ("Taylor Wessing LLP", "the LLP") and the audited financial statements for the LLP for the year ended 30 April 2023.

### Group structure

These financial statements consolidate the financial statements of Taylor Wessing LLP, its subsidiary undertakings and joint ventures (together "the group") drawn up to 30 April 2023.

Taylor Wessing LLP is a limited liability partnership registered under the Limited Liability Partnerships Act 2000 in England and Wales.

Taylor Wessing LLP has a branch, as defined in Section 1046(3) of the Companies Act 2006, outside the UK in the United Arab Emirates.

A list of members names is available for inspection at 5 New Street Square, London EC4A 3TW which is also Taylor Wessing LLP's principal place of business and registered office.

More information about Taylor Wessing LLP is available on the group's website, [www.taylorwessing.com](http://www.taylorwessing.com).

### Principal activity

The principal activity of Taylor Wessing LLP and its subsidiary undertakings is the provision of legal services. All results derive from continuing activities.

### Review of the business and future developments

The business plan is to continue to invest and grow the legal services of the group in key sectors while retaining appropriate profitability.

The members are of the opinion that the financial position and projections of the group remain strong and the financial statements have been prepared on a going concern basis. Further information can be found in note 1 to these financial statements.

The results for the year are presented on page 8. The members regard the results and future prospects to be satisfactory.

### Designated members

The designated members, who served throughout the year and to the date of this report, were as follows:

S R Gleghorn  
N Shanmuganathan  
J E Goold  
C J Turley

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

The members' policy on drawings is dependent upon the working capital requirements of the group. A conservative level of monthly drawings is set at the start of the year and further distributions are made once the results for the year and allocation of profit have been finalised.

The level of members' capital is determined by the members from time to time. Capital is repaid to members by six months after the year end following cessation of membership of the LLP.

### Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in accordance with the LLP agreement.

Approved by the board and signed on its behalf by:

  
C J Turley

Designated Member

20 DECEMBER 2023

# Taylor Wessing Limited Liability Partnership

## Energy and carbon report

In accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended, the members present their energy and carbon report of the group for the year ended 30 April 2023. The scope of this report is to disclose details on scope 1 & 2 greenhouse gas emissions that result from the UK offices of the group. Taylor Wessing LLP is committed to being a responsible business, meaning we think and act sustainably. We launched our sustainability strategy in 2020 and are actively working towards reducing our greenhouse gas emissions.

We are a driving force behind the Legal Charter 1.5, a high ambition initiative developed collaboratively to shift thinking and deliver transformational change to mitigate the climate crisis. It consists of eight principles, which we are proactively promoting to secure more signatories and commitment across the industry, to make the best contribution to reduce greenhouse gas emissions at the speed and scale necessary to restrict global temperatures to no more than 1.5 degrees centigrade. This initiative is focused on enabling real climate action across the legal sector and represents the latest development as part of our strategic objectives and wider ESG priorities. We are also active members of other networks that support climate action across the sector, including the Legal Sustainability Alliance, and the Net-Zero Lawyers Alliance.

The group has followed the 2019 UK Government environmental reporting guidance. The group has used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), and emission factors from the UK Government's GHG Conversion Factors for Reporting (version 1.2 2019 and 2020-2022) to calculate GHG emissions in this report. GHG emissions have been independently calculated by Survey and Test Ltd.

### UK Greenhouse Gas emissions and energy usage for the period 1 May 2022 to 30 April 2023

	2023	2022
Greenhouse gas emissions (Scope 1 – tonnes of CO <sub>2</sub> e) <i>from combustion of gas and fugitive sources</i>	10	91
Greenhouse gas emissions (Scope 2 – tonnes of CO <sub>2</sub> e) <i>from electricity and heat purchased for own use</i>	731	839
<b>Total gross CO<sub>2</sub>e based on above (tonnes of CO<sub>2</sub>e)</b>	<b>741</b>	<b>930</b>
<b>Energy consumption used to calculate emissions (kWh)</b>	<b>3,858,996</b>	<b>4,151,429</b>
<b>Intensity metric: Tonnes of CO<sub>2</sub>e per £m turnover</b>	<b>3.3</b>	<b>4.3</b>

Our total scope 1 & 2 emissions for the year ending 30 April 2023 reflect a decrease of 20% against the prior year, and a 34% decrease from our 2019-20 baseline year (1,116 tCO<sub>2</sub>e). This has been achieved by using our ISO 50001: Energy Management System, to improve energy performance within our buildings, as well as the decarbonisation of the UK's national grid.

In addition to this we continue to work towards our ambition to reduce travel related GHG emissions annually. We also continue to engage the LLP's members to develop their understanding of the importance of emissions reduction and our strategy. A list of the LLP's members is available from Companies House.

C J Turley

Designated Member

20 DECEMBER 2023

# **Taylor Wessing Limited Liability Partnership**

## **Members' responsibilities statement**

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP 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 LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the group'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 board on behalf of the members.

# **Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Taylor Wessing Limited Liability Partnership (the 'LLP') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and LLP balance sheets;
- the consolidated and LLP statements of changes in member's interest;
- the consolidated cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

### **Conclusions relating to going concern**

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 LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership (continued)**

### **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.

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.

### **Responsibilities of members**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership (continued)**

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Solicitors Regulation Authority Rules.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Revenue recognition, which was pinpointed to the valuation and completeness of unbilled time at year-end as the most judgemental estimate within the financial statements, and in line with our requirement under ISA 240 to consider a rebuttable presumption that there is a fraud risk related to revenue recognition:
  - We obtained an understanding of the relevant controls over the valuation of unbilled time;
  - We reviewed the historical accuracy of management's valuation of unbilled time at year-end;
  - We tested the mechanical accuracy of the model used to value unbilled time at year-end; and
  - For a sample of matters we challenged the valuation of unbilled time at year end. This included validating the valuation applied by inspecting evidence including engagement letters, email correspondence and relevant bills issued post year-end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.



## **Independent auditor's report to the members of Taylor Wessing Limited Liability Partnership (continued)**

### **Report on other legal and regulatory requirements**

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


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

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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



Thomas Jarrold (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

20 DECEMBER 2023

## Taylor Wessing Limited Liability Partnership

### Consolidated statement of comprehensive income For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Turnover	3	225,015	217,263
Other operating income		2,049	2,130
		<hr/>	<hr/>
Staff costs	7	227,064	219,393
Depreciation	11	(86,560)	(75,778)
Other operating expenses	4	(2,209)	(1,654)
		<hr/>	<hr/>
Operating profit		(55,902)	(45,736)
Interest receivable and similar income	5	82,393	96,225
Interest payable and similar charges	5	2,128	145
Share of profit of joint ventures		-	(2)
		<hr/>	<hr/>
Profit before taxation		28	29
Tax on profit	9	84,549	96,397
		<hr/>	<hr/>
Profit before members' remuneration and profit shares		(729)	(646)
Members' remuneration charged as an expense		83,820	95,751
		<hr/>	<hr/>
Profit for the year available for discretionary division among members		(3,125)	(3,218)
Exchange (loss)/gain on translation of foreign operations		80,695	92,533
		<hr/>	<hr/>
Total comprehensive income		(120)	26
		<hr/>	<hr/>
		80,575	92,559
		<hr/>	<hr/>

All results relate to continuing activities.

There is no tax relating to other comprehensive income.

# Taylor Wessing Limited Liability Partnership


## Consolidated balance sheet As at 30 April 2023

	Note	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible assets	11	6,574	4,554
Investments	12	165	137
		<u>6,739</u>	<u>4,691</u>
<b>Current assets</b>			
Debtors	13	117,486	101,878
Cash at bank and in hand		41,924	56,623
		<u>159,410</u>	<u>158,501</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(36,679)</u>	<u>(33,287)</u>
<b>Net current assets</b>		<u>122,731</u>	<u>125,214</u>
<b>Net assets attributable to members and total assets less current liabilities</b>		<u>129,470</u>	<u>129,905</u>
<b>Represented by:</b>			
<b>Loans and other debt due to members within one year</b>			
Members' capital classified as a liability		27,213	24,521
Amounts due to members		22,009	12,769
		<u>49,222</u>	<u>37,290</u>
<b>Members' other interests classified as equity</b>			
Other reserves		80,248	92,615
		<u>129,470</u>	<u>129,905</u>
<b>Total members' interests</b>			
Members' capital classified as a liability		27,213	24,521
Amounts due to members		22,009	12,769
Amounts due from members		(13,941)	(12,424)
Other reserves classified as equity		80,248	92,615
		<u>115,529</u>	<u>117,481</u>

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on 20 DECEMBER 2023.

Signed on behalf of the members by:

  
C J Turley  
Designated Member

  
N Shanmuganathan  
Designated Member

# Taylor Wessing Limited Liability Partnership

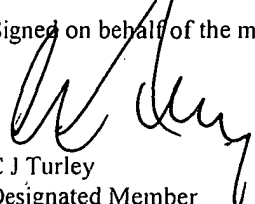
## LLP balance sheet As at 30 April 2023

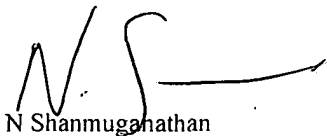
	Note	2023 £'000	2022 £'000
<b>Fixed assets</b>			
Tangible assets	11	6,499	4,533
Investments	12	701	701
		<u>7,200</u>	<u>5,234</u>
<b>Current assets</b>			
Debtors	13	117,123	101,478
Cash at bank and in hand		36,846	49,470
		<u>153,969</u>	<u>150,948</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(34,399)</u>	<u>(28,663)</u>
<b>Net current assets</b>		<u>119,570</u>	<u>122,285</u>
<b>Net assets attributable to members and total assets less current liabilities</b>		<u>126,770</u>	<u>127,519</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Members' capital classified as a liability		27,213	24,521
Amounts due to members		22,009	12,769
		<u>49,222</u>	<u>37,290</u>
<b>Members' other interests classified as equity</b>			
Other reserves		77,548	90,229
		<u>126,770</u>	<u>127,519</u>
<b>Total members' interests</b>			
Members' capital classified as a liability		27,213	24,521
Amounts due to members		22,009	12,769
Amounts due from members		(13,909)	(12,424)
Other reserves classified as equity		77,548	90,229
		<u>112,861</u>	<u>115,095</u>

The LLP's profit for the year available for discretionary division among members was £80,411,000 (2022: £92,632,000).

The financial statements of Taylor Wessing Limited Liability Partnership (registered number OC322935) were approved by the members and authorised for issue on 20 DECEMBER 2023.

Signed on behalf of the members by:

  
C J Turley  
Designated Member

  
N Shanmuganathan  
Designated Member

## Taylor Wessing Limited Liability Partnership

### Consolidated statement of changes in members' interests For the year ended 30 April 2023

	Members' capital classified as a liability £'000	Amounts due to/from members £'000	Total debt £'000	Equity – Other reserves £'000	Total members' interest £'000
Members' interest at 30 April 2021	21,520	(2,551)	18,969	69,881	88,850
Members' remuneration charged as an expense	-	3,218	3,218	-	3,218
Profit for the year available for discretionary division among members	-	-	-	92,533	92,533
Members' interest after profit for the year	21,520	667	22,187	162,414	184,601
Foreign exchange translation difference	-	-	-	26	26
Allocated profits	-	69,825	69,825	(69,825)	-
Payments to and on behalf of members	-	(70,147)	(70,147)	-	(70,147)
Members' capital introduced	9,687	-	9,687	-	9,687
Members' capital repaid	(6,686)	-	(6,686)	-	(6,686)
Members' interest at 30 April 2022	24,521	345	24,866	92,615	117,481
Members' remuneration charged as an expense	-	3,125	3,125	-	3,125
Profit for the year available for discretionary division among members	-	-	-	80,695	80,695
Members' interest after profit for the year	24,521	3,470	27,991	173,310	201,301
Foreign exchange translation difference	-	-	-	(120)	(120)
Allocated profits	-	92,942	92,942	(92,942)	-
Payments to and on behalf of members	-	(88,344)	(88,344)	-	(88,344)
Members' capital introduced	3,091	-	3,091	-	3,091
Members' capital repaid	(399)	-	(399)	-	(399)
Members' interest at 30 April 2023	27,213	8,068	35,281	80,248	115,529

#### Reconciliation of amounts due to/from members:

	2023 £'000	2022 £'000
Amounts due to members	22,009	12,769
Amounts due from members	(13,941)	(12,424)
Amounts due to members	8,068	345

## Taylor Wessing Limited Liability Partnership

### LLP statement of changes in members' interest For the year ended 30 April 2023

	Members' capital classified as a liability £'000	Amounts due to/from members £'000	Total debt £'000	Equity – Other reserves £'000	Total members' interest £'000
Members' interest at 30 April 2021	21,520	(2,551)	18,969	67,396	86,365
Members' remuneration charged as an expense	-	3,218	3,218	-	3,218
Profit for the year available for discretionary division among members	-	-	-	92,632	92,632
Members' interest after profit for the year	21,520	667	22,187	160,028	182,215
Foreign exchange translation difference	-	-	-	26	26
Allocated profits	-	69,825	69,825	(69,825)	-
Payments to and on behalf of members	-	(70,147)	(70,147)	-	(70,147)
Members' capital introduced	9,687	-	9,687	-	9,687
Members' capital repaid	(6,686)	-	(6,686)	-	(6,686)
Members' interest at 30 April 2022	24,521	345	24,866	90,229	115,095
Members' remuneration charged as an expense	-	3,125	3,125	-	3,125
Profit for the year available for discretionary division among members	-	-	-	80,411	80,411
Members' interest after profit for the year	24,521	3,470	27,991	170,640	198,631
Foreign exchange translation difference	-	-	-	(118)	(118)
Allocated profits	-	92,974	92,974	(92,974)	-
Payments to and on behalf of members	-	(88,344)	(88,344)	-	(88,344)
Members' capital introduced	3,091	-	3,091	-	3,091
Members' capital repaid	(399)	-	(399)	-	(399)
Members' interest at 30 April 2023	27,213	8,100	35,313	77,548	112,861

#### Reconciliation of amounts due to/from members:

	2023 £'000	2022 £'000
Amounts due to members	22,009	12,769
Amounts due from members	(13,909)	(12,424)
Amounts due to members	8,100	345

## Taylor Wessing Limited Liability Partnership

### Consolidated cash flow statement For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Net cash flows from operating activities	15	73,168	90,559
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	11	(4,227)	(2,224)
Interest income	5	2,128	145
Interest expense	5	-	(2)
Net cash flows used in investing activities		(2,099)	(2,081)
<b>Cash flows from financing activities</b>			
Payments to and on behalf of members		(88,344)	(70,147)
Capital contributions by members		3,091	9,687
Capital repayments to former members		(399)	(6,686)
Net cash flows used in financing activities		(85,652)	(67,146)
Net (decrease)/increase in cash and cash equivalents		(14,583)	21,332
<b>Cash and cash equivalents at beginning of year</b>		56,623	35,271
Effect of foreign exchange rate changes on cash		(116)	20
<b>Cash and cash equivalents at end of year*</b>		41,924	56,623
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand		41,924	56,623
Cash and cash equivalents		41,924	56,623

\*Included within the cash there is an amount of £1,433,000 (2021: £1,468,000), which is restricted for use by Carmelite Insurance Limited.

# **Taylor Wessing Limited Liability Partnership**

## **Notes to the financial statements (continued) For the year ended 30 April 2023**

### **1. Accounting policies**

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

#### **General information and basis of accounting**

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

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014).

The functional currency of the group is pounds sterling because that is the currency of the primary economic environment in which the group operates.

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

#### **Basis of consolidation**

The LLP financial statements consolidate the financial statements of the LLP, its subsidiary undertakings and joint ventures (together "the group"), drawn up to 30 April 2023. Taylor Wessing Services Limited and Carmelite Insurance Limited are fully consolidated.

#### **Going concern**

The going concern basis has been adopted in preparing these financial statements having assessed the principal risks to the business in both the medium and longer term.

The members expect our strong economic performance to continue but recognise that we are operating in a period of greater economic uncertainty and higher inflation. The key risks this presents to the firm are a significant deterioration in the collection of trade debtors and pressure on our margins, through lower levels of demand from our clients or inflation to our cost base.

The firm has factored potential plausible downside scenarios into its profit and cash flow modelling to reflect a range of reductions to both turnover and receipt profiles. These have been modelled assuming various time periods of reduced activity. The firm has also performed reverse stress testing on these models to determine the extent to which its income levels would need to reduce to put the group into a position where it was either in breach of the covenants on its borrowing facilities or had exhausted funding lines.

The business delivers a broad range of services across a diverse client base which limits its exposure to the effects of a downturn in a particular sector. The members therefore consider the reverse stress test scenario to be remote and expect that the group will continue to be able to meet its obligations as they fall due for at least the next twelve months from the date of signing of these financial statements, as well as enabling the firm to operate within the covenants of its revolving credit facilities.

Having considered the group's forecasts and projections, the members are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future.



# **Taylor Wessing Limited Liability Partnership**

## **Notes to the financial statements (continued)** **For the year ended 30 April 2023**

### **1. Accounting policies (continued)**

#### **Tangible fixed assets**

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

Leasehold improvements	over the shorter of ten years and the remaining period of the lease
Furniture and equipment	three to ten years on a straight-line basis

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

#### **Financial instruments and equity**

All financial assets and liabilities are initially measured at transaction price (including transaction costs). The business holds no financial assets classified as at fair value through profit or loss.

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

Debt instruments that have no stated interest rate (and do not constitute financing a transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

Members are required under the terms of the Members' Agreement to provide capital in proportion to the profit sharing points allocated to them. Capital is repayable to members by six months after the end of the financial year in which the cessation of membership of the LLP occurs and is therefore disclosed as a liability.

#### **Investments**

Investments in non-derivative instruments that are equity of the issuer (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

#### **Impairment of assets**

The group assesses at the end of each reporting period whether there is objective evidence that an asset or group of assets is impaired. A financial asset or group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event') and that loss event (or events) have an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

#### **Joint ventures**

In the consolidated financial statements investments in joint ventures are accounted for using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss and other comprehensive income of the joint ventures.

# **Taylor Wessing Limited Liability Partnership**

## **Notes to the financial statements (continued) For the year ended 30 April 2023**

### **1. Accounting policies (continued)**

#### **Taxation**

The tax payable on the profits of the LLP is a personal liability of the members for the year and therefore not a charge on the LLP. An amount is retained from each member's profit share within the LLP to cover the member's estimated liability for income tax and social security contributions on their profit share.

The consolidated tax charge comprises tax payable in respect of subsidiary undertakings which is provided for at the rates and laws enacted, or substantively enacted, at the balance sheet date.

#### **Members' interests**

Members are required under the terms of the Members' Agreement to provide capital in proportion to the profit sharing points allocated to them. The articles require capital to be repaid to members by six months after the year end in which membership of the LLP ceases and is shown in amounts due to members.

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements have been approved by the members. As a result, the balance of profit available for division among the members as at 30 April 2023 is included in members' other interests.

Drawings by members on account of profits for the year are included in amounts due from members.

In the event of a winding up, members' capital ranks in order of priority, subordinate to any bank or other external provider of finance or capital. Loans and other debts due to members rank equally with unsecured creditors. Members' other interests rank after unsecured creditors.

#### **Turnover**

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

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

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

#### **Finance income**

Finance income represents income received as a result of financing activity. The balance consists of interest received from the bank and is recognised on an accrual basis in line with the financial period.

#### **Employee benefits**

The group operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs and other retirement benefits is the total contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 1. Accounting policies (continued)

#### Leases

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### 2. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The members have considered and concluded that there are no individual critical judgements which have a significant effect on the amounts recognised in the financial statements.

#### Key sources of estimation uncertainty

##### *Revenue recognition – unbilled turnover*

The value of accrued turnover is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, in accordance with the group's accounting policy for turnover.

##### *Impairment of debtors*

The group makes an estimate of the recoverable value of debtors, other debtors and unbilled revenue. When assessing the impairment of trade receivables, other debtors and unbilled revenue, management considers factors including: the current credit rating of the debtor, the aging profile and our historic experience of the relevant client.

### 3. Turnover

The group's turnover is derived from the provision of legal services.

No segmental or geographical analysis has been disclosed. The board considers that such a disclosure would be prejudicial to the interests of the group.

### 4. Other operating expenses

	2023 £'000	2022 £'000
Expenses and sub-contractor costs on client assignments	13,093	9,173
Other operating costs	42,809	36,563
	<u>55,902</u>	<u>45,736</u>

Other operating costs primarily comprise property, IT and personnel related expenditure.

## Taylor Wessing Limited Liability Partnership

### Notes to the financial statements (continued) For the year ended 30 April 2023

#### 5. Net finance income/(costs)

	2023 £'000	2022 £'000
Interest receivable and similar income	2,128	145
Interest payable and similar charges	-	(2)
	<u>2,128</u>	<u>143</u>

#### 6. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets (note 11)	2,209	1,654
Operating lease costs	9,296	9,267
Net foreign exchange losses/(gains)	137	(395)
	<u>11,642</u>	<u>10,526</u>

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

	2023 £'000	2022 £'000
Fees payable to the auditor and its associates for the audit of the Limited Liability Partnership's annual financial statements	114	84
Audit of subsidiary undertakings	5	4
Total audit fees payable	<u>119</u>	<u>88</u>
Other assurance services pursuant to legislation	36	26
Tax advisory services	72	37
Other services	21	47
Total fees payable	<u>248</u>	<u>198</u>

#### 7. Staff numbers and costs

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

	LLP		Group	
	2023 Number	2022 Number	2023 Number	2022 Number
Fee earners	18	15	375	335
Non fee earning professionals	-	-	26	24
Business services	15	13	370	330
	<u>33</u>	<u>28</u>	<u>771</u>	<u>689</u>

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 7. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	64,607	57,383
Social security costs	7,428	6,647
Other pension costs	3,519	2,842
Other costs	11,006	8,906
	<u>86,560</u>	<u>75,778</u>

### 8. Members' remuneration and transactions

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements have been approved by the members.

The profit attributable after the year end to the member with the largest entitlement was £5,468,000 (2022: £4,823,000). The average number of members during the year was 116 (2022: 109).

### 9. Tax on profit

The tax charge on the profits for the year is split between tax payable by the group and tax payable by the members personally.

The tax charge represents tax payable by the group.

	2023 £'000	2022 £'000
Tax on profit	<u>729</u>	<u>646</u>

The difference between the total tax charge and the amount calculated by applying the rate of UK corporation tax to the profit before taxation is as follows:

	2023 £'000	2022 £'000
Profit before taxation	84,541	96,397
Less amounts subject to personal taxation on the members	<u>(80,801)</u>	<u>(92,995)</u>
Profits subject to UK corporation tax	<u>3,740</u>	<u>3,402</u>

	2023 £'000	2022 £'000
Tax on profits subject to taxation at UK corporation tax rate of 19.49% (2022: 19%)	<u>729</u>	<u>646</u>

No deferred tax assets or liabilities have been recognised.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 10. Profit of the LLP

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 statement of comprehensive income in these financial statements. Its own profit for the year available for discretionary division among members was £80,411,000 (2022: £92,632,000).

### 11. Tangible fixed assets

Group	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 May 2022	21,160	16,838	37,998
Additions	1,516	2,711	4,227
Foreign exchange movements	-	1	1
At 30 April 2023	22,676	19,550	42,226
<b>Depreciation</b>			
At 1 May 2022	18,910	14,534	33,444
Charge for the year	680	1,529	2,209
Foreign exchange movements	-	(1)	(1)
At 30 April 2023	19,590	16,062	35,652
<b>Net book value</b>			
At 30 April 2023	3,086	3,488	6,574
At 30 April 2022	2,250	2,304	4,554

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 11. Tangible fixed assets (continued)

LLP	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 May 2022	21,160	16,815	37,975
Additions	1,505	2,658	4,163
At 30 April 2023	22,665	19,473	42,138
<b>Depreciation</b>			
At 1 May 2022	18,910	14,532	33,442
Charge for the year	678	1,519	2,197
At 30 April 2023	19,588	16,051	35,639
<b>Net book value</b>			
At 30 April 2023	3,077	3,422	6,499
At 30 April 2022	2,250	2,283	4,533

### 12. Investments

	LLP £'000	Group £'000
<b>Cost</b>		
At 1 May 2022	701	137
Share of profit of joint venture	-	28
At 30 April 2023	701	165
<b>Provision for impairment</b>		
At 1 May 2022	-	-
At 30 April 2023	-	-
<b>Net book value</b>		
At 30 April 2023	701	165
At 30 April 2022	701	137

All investments are stated at fair value following the requirements of FRS 102.

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 12. Investments (continued)

The group has investments in the following subsidiary undertakings, joint ventures and associates:

Entity	Country of incorporation	Nature of business	Class of shares	% holding
Taylor Wessing Services Limited	England and Wales	Service company	Ordinary	100%
Carmelite Insurance Limited*	Guernsey	Insurance company	Ordinary	100%
Taylor Wessing (US) Limited	England and Wales	Intermediate holding company	Ordinary	50%
Taylor Wessing Overseas Investments (Dubai) Limited	England and Wales	Intermediate holding company	Ordinary	100%
Taylor Wessing (US) Inc.**	USA	Business development	Ordinary	50%
Huntsmoor Limited	England and Wales	Dormant	Ordinary	100%
Huntsmoor Nominees Limited	England and Wales	Dormant	Ordinary	100%
Taylor Joynson Garrett Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Pension Trustee Limited	England and Wales	Dormant	Ordinary	100%
TW Trustee Company Limited	England and Wales	Dormant	Ordinary	100%
TJG Secretaries Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing UK Staff Trustee Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Process Service Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing (London) Ltd	England and Wales	Dormant	Ordinary	100%
Taylor Wessing Secretaries Limited	England and Wales	Dormant	Ordinary	100%
TW Life Cover Trustee Limited	England and Wales	Dormant	Ordinary	100%
Taylor Wessing International Services Limited	England and Wales	Service company	Ordinary	17%
Taylor Wessing Ireland LLP***	Republic of Ireland	Professional services	-	-
Taylor Wessing Services (Ireland) Limited***	Republic of Ireland	Service company	Ordinary	100%
Taylor Wessing Israel Limited****	Israel	Service company	Ordinary	100%

\*The registered office for Carmelite Insurance Limited is PO Box 155, Mill Court, La Charroterie, St Peter Port, GY1 4ET.

\*\*The registered office for Taylor Wessing (US) Inc. is 88 Kearny Street, Suite 1770, San Francisco, CA 94108.

\*\*\*The registered office for Taylor Wessing Ireland LLP and Taylor Wessing Services (Ireland) Limited is 58 Fitzwilliam Square North, Dublin 2, D02 HP73.

\*\*\*\*The registered office for Taylor Wessing Israel Limited is c/o Gornitzky, Vitania Tel-Aviv Tower, 20 Haharash St., Tel Aviv Israel 6761310.

The group's net book value reflects an investment in Taylor Wessing Inc., a joint venture with Taylor Wessing Partnerschaftsgesellsch mbB. The carrying value of the joint venture investment is £164,000 (2022: £136,000). The registered office for the companies incorporated in England and Wales is 5 New Street Square, London, EC4A 3TW.

### 13. Debtors

	LLP		Group	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	82,390	67,025	82,836	67,136
Unbilled revenue	12,195	12,917	12,421	12,941
Amounts due from members	13,909	12,424	13,941	12,424
Other debtors	1,792	2,885	1,887	2,998
Amounts due from group undertakings	839	233	-	-
Prepayments and accrued income	5,998	5,994	6,401	6,379
	<u>117,123</u>	<u>101,478</u>	<u>117,486</u>	<u>101,878</u>

Amounts due from members are interest free and repayable on demand.



# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 14. Creditors: amounts falling due within one year

	LLP		Group	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	13,825	9,328	14,138	9,473
Amounts owed to group undertakings	9,037	10,537	-	-
Other taxation and social security	2,512	2,518	5,876	6,077
Other creditors	773	594	2,303	2,323
Accruals and deferred income	8,252	5,686	14,362	15,414
	<u>34,399</u>	<u>28,663</u>	<u>36,679</u>	<u>33,287</u>

Amounts owed to group undertakings includes amounts which are unsecured, interest free and are repayable on demand.

### 15. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2023	2022
	£'000	£'000
Operating profit	82,393	96,225
Adjustment for:		
Depreciation	2,209	1,654
Operating cash flow before movement in working capital	84,602	97,879
Increase in debtors	(14,092)	(8,883)
Increase in creditors	3,284	2,160
Cash generated by operations	73,794	91,156
Income taxes paid	(626)	(597)
Net cash from operating activities	<u>73,168</u>	<u>90,559</u>

### 16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2023	2022
	£'000	£'000
Group and LLP		
- within one year	9,384	9,305
- between one and five years	13,746	22,474
- after five years	789	923
	<u>23,919</u>	<u>32,702</u>

# Taylor Wessing Limited Liability Partnership

## Notes to the financial statements (continued) For the year ended 30 April 2023

### 17. Employee benefits

The total expense charged to the statement of comprehensive income in the year ended 30 April 2023 in respect of defined contribution pension schemes was £3,519,000 (2022: £2,842,000). Contributions totalling £289,000 (2022: £258,000) were payable at the year end.

### 18. Related party transactions

The total remuneration for key management personnel in the year was £11,344,000 (2022: £12,681,000).

Key management personnel consist of the members and directors of the LLP executive board.

### 19. Controlling party

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

### 20. Net debt reconciliation

	At 1 May 2022 £'000	Cash flow £'000	Exchange movement £'000	At 30 April 2023 £'000
Cash at bank and in hand	56,623	(14,583)	(116)	41,924
Members' capital classified as a liability	(24,521)	(2,692)	-	(27,213)
Other amounts owed to members	(12,769)	(9,240)	-	(22,009)
Net debt including members' interests	<u>19,333</u>	<u>(26,515)</u>	<u>(116)</u>	<u>(7,298)</u>