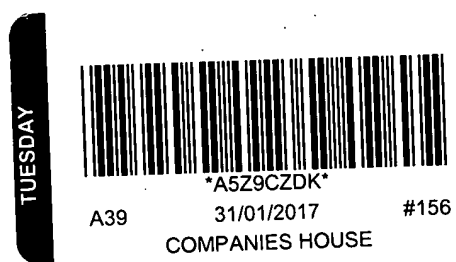


Darbys Solicitors LLP

REPORT AND FINANCIAL STATEMENTS

30 April 2016



Registration No. OC323711

Darbys Solicitors LLP

CONTENTS

DESIGNATED MEMBERS AND ADVISORS	1
DESIGNATED MEMBERS' REPORT	2
DESIGNATED MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	3
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARBYS SOLICITORS LLP	4
STATEMENT OF COMPREHENSIVE INCOME	5
STATEMENT OF FINANCIAL POSITION	6
RECONCILIATION OF MEMBERS' INTERESTS	8
STATEMENT OF CASH FLOWS	9
ACCOUNTING POLICIES	10
NOTES TO THE FINANCIAL STATEMENTS	14

Darbys Solicitors LLP

DESIGNATED MEMBERS AND ADVISORS

DESIGNATED MEMBERS

Knights Professional Services Limited

D Beech

REGISTERED OFFICE

Midland House

West Way

Oxford

OX2 0PH

AUDITOR

RSM UK Audit LLP

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

Darbys Solicitors LLP

DESIGNATED MEMBERS' REPORT

The Designated Members submit their annual report and the audited financial statements of Darbys Solicitors LLP for the 4 month period ended 30 April 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Limited Liability Partnership was the provision of legal services.

The statement of comprehensive income on page 5 shows the loss for the period.

On 26 January 2016 the majority of trade and assets, excluding those relating to Criminal, Clinical Negligence and certain other specifically identified matters, were transferred to Darbys Legal Services LLP.

On 31 January 2016 Knights Professional Services Limited acquired the controlling interest in Darbys Solicitors LLP. Darbys Solicitors LLP continued to trade as a separate entity until 29 February 2016 at which point the remaining trade and assets of Darbys Solicitors LLP were transferred into Knights Professional Services Limited and Darbys Solicitors LLP ceased to trade.

Darbys Solicitors LLP has been dormant since 1 March 2016.

To align accounting year ends within the Group the year end has been shortened to 30 April 2016.

DESIGNATED MEMBERS

The following Designated Members have held office since 1 January 2016:

S McCrum (resigned 31 January 2016)

H Niebuhr (resigned 31 January 2016)

Knights Professional Services Limited (appointed 31 January 2016)

D Beech (appointed 31 January 2016)

MEMBERS' CAPITAL CONTRIBUTION AND REPAYMENT POLICY

The initial capital amount was the amount transferred from the partnership of Darbys. The Designated Members shall contribute further capital which the Designated Members determine as being necessary for the purpose of the Limited Liability Partnership.

Upon leaving the Limited Liability Partnership Designated Member's capital will be repaid to them in accordance with the terms set out in the Members' Agreement.

MEMBERS' DRAWINGS POLICY

From 1 January 2016 profits are allocated to members at the end of the accounting period in accordance with the agreed profit sharing ratios.

The tax payable on a member's profit allocation is the personal liability of the member, and is not reflected in these accounts.

AUDITOR

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants as auditor will be proposed at the next members meeting.

By order of the board



D Beech
Designated Member

30 January 2017

Darbys Solicitors LLP

DESIGNATED MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF 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;
- 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARBYS SOLICITORS LLP

Opinion on financial statements

We have audited the financial statements on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 and of its loss 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Matters on which we are required to report by exception

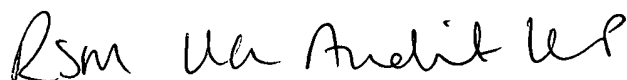
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 applied to limited liability partnerships requires us to report to you if, in our opinion:

- 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.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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



ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

31 January 2017

Darbys Solicitors LLP

STATEMENT OF COMPREHENSIVE INCOME

for the 121 day period ended 30 April 2016

	Note	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
TURNOVER	2	542,004	14,284,685
Other operating income		16,175	-
Cost of sales		(771,252)	(9,868,702)
		<hr/>	<hr/>
GROSS (LOSS)/PROFIT		(213,073)	4,415,983
Administrative expenses		(590,939)	(3,520,835)
Depreciation and amortisation		(90,353)	(434,278)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	5	(894,365)	460,870
Interest receivables and similar income	3	6,763	124,362
Interest payable and similar charges	6	(2,212)	(114,589)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		(889,814)	470,643
Members' remuneration charged as an expense	7	-	(29,963)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS AND TOTAL COMPREHENSIVE INCOME		(889,814)	440,680
		<hr/>	<hr/>

Following the transfer of the trade and assets of the LLP to Darbys Legal Services LLP on 26 January 2016 and to the parent company, Knights Professional Services Limited, on 29 February 2016 the activities of the LLP are classified as discontinued.

Darbys Solicitors LLP
STATEMENT OF FINANCIAL POSITION
at 30 April 2016

	Note	30 April 2016		31 December 2015	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8	-	-	146,279	
Tangible assets	9	-	-	500,210	
			-	646,489	
CURRENT ASSETS					
Debtors	10	-	-	8,076,423	
Cash at bank and in hand		-	-	198,628	
			-	8,275,051	
CREDITORS: Amounts falling due within one year	11	(889,814)		(6,980,622)	
NET CURRENT ASSETS		(889,814)		1,294,429	
TOTAL ASSETS LESS CURRENT LIABILITIES		(889,814)		1,940,918	
CREDITORS: Amounts falling due after more than one year	13	-	-	(225,754)	
		(889,814)		1,715,164	
PROVISIONS FOR LIABILITIES	15	-	-	(25,200)	
NET (LIABILITIES)/ASSETS ATTRIBUTABLE TO MEMBERS		(889,814)		1,689,964	
Represented by:					
LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR					
Members' capital classified as a liability		-	-	254,000	
Members' other interest classified as a liability		-	-	14,731	
LOANS AND OTHER DEBTS DUE TO MEMBERS AFTER MORE THAN ONE YEAR					
Members' capital classified as a liability		-	-	1,016,000	
			-	1,284,731	
MEMBERS' OTHER INTERESTS					
Other reserves		(889,814)		405,233	
TOTAL MEMBERS' INTERESTS		(889,814)		1,689,964	

Darbys Solicitors LLP
STATEMENT OF FINANCIAL POSITION
at 30 April 2016

	30 April 2016 £	31 December 2015 £
TOTAL MEMBERS' INTERESTS		
Members' other interests	(889,814)	405,233
Loans and other debts due to members	-	1,284,731
Amounts due from members	-	(448,406)
	<hr/>	<hr/>
	(889,814)	1,241,558
	<hr/>	<hr/>

The financial statements on pages 5 to 23 were approved by the members and authorised for issue on
30 January 2017 and are signed on their behalf by:



D Beech
Designated Member

Registration No. OC323711

Darbys Solicitors LLP
RECONCILIATION OF MEMBERS' INTERESTS
for the period ended 30 April 2016

	EQUITY MEMBERS' OTHER INTERESTS	LOANS AND DEBTS DUE TO MEMBERS LESS ANY AMOUNTS DUE FROM MEMBERS IN DEBTORS	DEBT OTHER AMOUNTS	TOTAL MEMBERS' INTERESTS
	Other reserves £	Members' capital £	Other amounts £	Total £
Amounts due to members	685,302	683,000	233,851	1,602,153
Amounts due from members	-	-	(130,120)	(130,120)
Balance at 1 January 2015	685,302	683,000	103,731	1,472,033
Allocation of prior year profit	(720,749)	-	720,749	-
Members' remuneration charged as an expense	-	-	29,963	29,963
Transfer of balances to creditors upon member leaving the LLP	-	-	(273,493)	(273,493)
Profit for the financial year available for division among members	440,680	-	-	440,680
Members' interests after profit for the year	405,233	683,000	580,950	1,669,183
Amounts introduced by members	-	587,000	60,382	647,382
Amounts withdrawn by members	-	-	(1,075,007)	(1,075,007)
Amounts due to members	405,233	1,270,000	14,731	1,689,964
Amounts due from members	-	-	(448,406)	(448,406)
Members' interests at 31 December 2015	405,233	1,270,000	(433,675)	1,241,558
Allocation of prior year profit	(440,680)	-	440,680	-
Amount transferred to creditors on member retiring	14,553	(240,000)	-	(225,447)
Repayment of amounts due to members	-	(670,000)	-	(670,000)
Other payments to members	-	(360,000)	(162,839)	(522,839)
Transfer amounts due from members to debtors on their resignation as members	20,894	-	155,834	176,728
Loss for the financial period	(889,814)	-	-	(889,814)
Amounts due to members	-	-	-	-
Amounts due from members	(889,814)	-	-	(889,814)
Members' interests at 30 April 2016	(889,814)	-	-	(889,814)

Members' interest rank equally with debts due to ordinary creditors in the event of a winding up.

Darbys Solicitors LLP
STATEMENT OF CASH FLOWS
for the 121 day period ended 30 April 2016

	Note	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
OPERATING ACTIVITIES			
Transactions with non-members:			
Cash from operations	16	(643,012)	1,319,057
		<u> </u>	<u> </u>
NET CASH FROM OPERATING ACTIVITIES		(643,012)	1,319,057
		<u> </u>	<u> </u>
INVESTING ACTIVITIES			
Transactions with non-members:			
Purchase of intangible assets		-	(22,950)
Purchase of tangible fixed assets		(119)	(156,613)
Proceeds on disposal of tangible fixed assets		-	32,630
Interest received		6,763	124,362
		<u> </u>	<u> </u>
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		6,644	(22,571)
		<u> </u>	<u> </u>
FINANCING ACTIVITIES			
Transactions with non-members:			
Repayment of finance leases		(21,918)	727,395
Interest paid		(2,212)	(114,589)
Repayment of loans		(720,820)	(990,153)
		<u> </u>	<u> </u>
Transactions with members and former members:			
Payment to members		-	(701,118)
Loans from Group companies		2,829,783	-
		<u> </u>	<u> </u>
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		2,084,833	(1,078,465)
		<u> </u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,448,465	218,021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(1,448,465)	(1,666,486)
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		-	(1,448,465)
		<u> </u>	<u> </u>
Relating to:			
Bank balance and short term deposits included in cash at bank and in hand		-	198,628
Overdrafts included in "creditors: amounts falling due within one year"		-	(1,647,093)
		<u> </u>	<u> </u>
		-	(1,448,465)
		<u> </u>	<u> </u>

Darbys Solicitors LLP

ACCOUNTING POLICIES

GENERAL INFORMATION

Darbys Solicitors LLP is a Limited Liability Partnership domiciled and incorporated in Great Britain.

The address of the Limited Liability Partnership's registered office and principle place of business is:

Midland House
West Way
Oxford
OX2 0PH

The Limited Liability Partnership's principal activity was that of the provision of legal services. The LLP was dormant from 1 March 2016.

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with FRS102 'The Financial Reporting standard applicable in the UK and the Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006 and under the historical cost convention in accordance with the Statement of Recommended practice 'Accounting by Limited Liability Partnerships' July 2014.

GOING CONCERN

The Limited Liability Partnership has ceased to operate and is dormant. All liabilities and assets have been transferred to Knights Professional Services Limited from 28 February 2016 leaving an amount of £889,814 due to the parent company, Knights Professional Services Limited.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Limited Liability Partnership.

TURNOVER AND REVENUE RECOGNITION

Turnover represents amounts chargeable to clients for professional services provided during the period excluding value added tax.

Services provided to clients during the period which have not been invoiced at the balance sheet date have been recognised as turnover on an assessment of the fair value of the services provided by the statement of financial position date as a proportion of the total value of the engagement.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the business.

OTHER INCOME

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

INTANGIBLE FIXED ASSETS – GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reasonable estimate of the useful life cannot be made, the useful life shall not exceed five years. The amortisation periods adopted are disclosed in note 8.

Darbys Solicitors LLP

ACCOUNTING POLICIES

TANGIBLE FIXED ASSETS

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

Long term leasehold property	-	20% straight line being the life of the lease
Office equipment	-	20% to 33% straight line
Fixtures and fittings	-	20% on straight line
Office equipment held on finance leases	-	33% on written down value

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the assets as if it were at the age and in the conditions expected at the end of its useful life.

IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

LEASES

Leases are "operating leases" based on the assumption that substantially all the risks and rewards remain with the lessor and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

PROVISIONS

In common with comparable practices, the Limited Liability Partnership was involved in a number of disputes in the ordinary course of business which may give rise to claims. Provision was made in the financial statements within accruals (note 11) for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. The Limited Liability Partnership carries professional indemnity insurance and no separate disclosure is made of the cost of claims covered by insurance, as to do so could seriously prejudice the position of the Limited Liability Partnership.

MEMBERS' REMUNERATION

Members' remuneration charged as an expense includes allocations of profits/losses for the period to members based on pre-agreed profit sharing agreements.

MEMBERS' PARTICIPATION RIGHTS

Members' participation rights are the rights of a member against the Limited Liability Partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the Limited Liability Partnership are analysed between those that are, from the Limited Liability Partnership's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the Limited Liability Partnership has an unconditional right to refuse payment to members, in which case they are classified as equity.

Darbys Solicitors LLP

ACCOUNTING POLICIES

MEMBERS' PARTICIPATION RIGHTS (continued)

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the Limited Liability Partnership has an unconditional right to refuse payment to members. If the Limited Liability Partnership does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the Limited Liability Partnership does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Statement of Income in the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities in the Statement of Financial Position.

All amounts due to members that are classified as liabilities are presented in the Statement of Financial Position within 'Loans and other debts due to members' and are charged to the Statement of Income within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Statement of Financial Position within 'Members' other interests'.

POST RETIREMENT BENEFITS

There are no amounts due for post retirement benefits in respect of current members.

RETIREMENT BENEFITS

The Limited Liability Partnership operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Limited Liability Partnership pays fixed contributions into a separate entity. Once the contributions have been paid the Limited Liability Partnership has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Limited Liability Partnership in independently administered funds.

FINANCIAL INSTRUMENTS

The Limited Liability Partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Limited Liability Partnership becomes a party to the contractual provisions of the instrument, and are offset only when the Limited Liability Partnership currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Darbys Solicitors LLP

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity

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

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts

Bank overdrafts are presented within 'Creditors: amounts falling due within one year'.

Borrowings

Borrowings are initially recognised as the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

TAXATION

The taxation payable on the partnership profits is solely the personal liability of the individual members consequently neither partnership taxation nor related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

In preparing these financial statements, the members have made the following judgments:

- Determine whether the leases entered into by the Limited Liability Partnership as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- Determine whether there are indicators of impairment of the Limited Liability Partnership's tangible assets. Factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determining the outcome of on-going cases against the firm, and any provisions to be made in relation to these with reference to the insurance held by the firm
- Other key sources of estimation uncertainty are listed below:
- Working Capital Assets:
Management review the policies applied in the valuation of various elements of working capital regularly. The approach to revenue recognition depends on the type of work. The judgement applied in testing the reliability of expected future recovery rates is based on the members' judgements and analysis over a period consistent with the work type. Management recognise that a proportion of invoices billed to clients, and disbursements incurred on behalf of clients, will prove to be irrecoverable and appropriate provision is made based on transaction age and work type.

2 TURNOVER

All turnover arose in the United Kingdom.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
Bank interest	6,763	124,362

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

4 EMPLOYEES

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

	121 day period ended 30 April 2016 Number	Year ended 31 December 2015 Number
--	--	---

Client service and support staff	105	216
----------------------------------	------------	------------

Staff costs for the above persons:

	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
--	---	--

Wages and salaries	652,644	8,161,829
Social security costs	77,476	776,356
Pension costs	20,517	212,870

Total staff costs	750,637	9,151,055
-------------------	----------------	------------------

5 OPERATING (LOSS)/PROFIT

	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
--	---	--

Operating (loss)/profit is stated after charging:

Depreciation on tangible fixed assets:

Owned assets	12,313	379,942
Leased assets	1,129	-

Amortisation on intangible fixed assets	-	80,504
---	----------	---------------

Impairment of intangible fixed assets	76,911	-
---------------------------------------	---------------	----------

Other operating lease rentals:

– plant and machinery	314,260	119,355
– land and buildings	20,145	254,137

Auditors' remuneration – audit	15,000	51,351
--------------------------------	---------------	---------------

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

6 INTEREST PAYABLE AND SIMILAR CHARGES

	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
On bank loans and overdrafts	2,212	100,834
On other liabilities	-	13,755
	2,212	114,589

7 MEMBERS' REMUNERATION

	121 day period ended 30 April 2016 Number	Year ended 31 December 2015 Number
Average number of members during the period was:	12	23

	121 day period ended 30 April 2016 £	Year ended 31 December 2015 £
Entitlement to profit of the highest paid member	-	157,942

The LLP generated a loss for the period.

Profits and losses are shared by the members at the end of the period in accordance with the agreed profit and loss shared arrangements governed by the Partnership Agreement. Members are required to make their own provision for pensions and other benefits from their profit shares.

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

8 INTANGIBLE ASSETS

	Goodwill £
<i>Cost</i>	
At start of period	267,616
Transfer to Darbys Legal Services LLP	(267,616)
	<hr/>
At end of period	-
	<hr/>
<i>Amortisation</i>	
At start of period	121,337
Charge for period	-
Impairment charge	76,911
Transfer to Darbys Legal Services LLP	(198,248)
	<hr/>
At end of period	-
	<hr/>
<i>Carrying amount</i>	
At 30 April 2016	-
	<hr/> <hr/>
At 31 December 2015	146,279
	<hr/> <hr/>

Goodwill arising on the acquisition of Legal Assistance Direct business has been impaired during the period to nil following a review by the members of its expected future contribution to the business. This amounted to £76,911.

Goodwill arising on the acquisition of a debt business in 2013 was impaired to a value of £30,000 in the year to 31 December 2015. This value is now being amortised over a five year period.

The goodwill on the acquisition of the Thame office in 2011 is amortised over a 10 year period being the expected time from which the LLP will benefit from referrals from the acquired business.

Darbys Solicitors LLP
NOTES TO THE FINANCIAL STATEMENTS
for the 121 day period ended 30 April 2016

9 TANGIBLE FIXED ASSETS

	Long term leasehold property	Fixtures and fittings	Office equipment	Office equipment held on finance leases	Total
	£	£	£	£	£
<i>Cost</i>					
At start of period	796,369	535,308	1,031,961	599,155	2,962,793
Additions	-	-	119	-	119
Transfer to Darbys Legal Services LLP	(796,369)	(535,308)	(1,032,080)	(599,155)	(2,962,912)
At end of period	-	-	-	-	-
<i>Depreciation</i>					
At start of period	558,721	399,844	943,202	560,816	2,462,583
Charge for period	6,050	2,035	4,228	1,129	13,442
Transfer to Darbys Legal Services LLP	(564,771)	(401,879)	(947,430)	(561,945)	(2,476,025)
At end of period	-	-	-	-	-
<i>Carrying amount</i>					
At 30 April 2016	-	-	-	-	-
At 31 December 2015	237,648	135,464	88,759	38,339	500,210

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

10	DEBTORS	30 April 2016 £	31 December 2015 £
	<i>Amounts falling due within one year:</i>		
	Trade debtors	-	3,590,869
	Other debtors	-	643,429
	Amounts due on contracts not yet billed	-	3,393,719
	Amounts due from members	-	448,406
		<hr/>	<hr/>
		-	8,076,423
		<hr/>	<hr/>

Trade debtors are stated net of a provision of £nil (2015: £114,215)

11	CREDITORS: Amounts falling due within one year	30 April 2016 £	31 December 2015 £
	Bank loans and overdrafts	-	2,367,643
	Trade creditors	-	360,115
	Amounts owed to former members	-	342,127
	Taxation and social security	-	1,571,830
	Obligations under finance lease and hire purchase contracts	-	387,835
	Other creditors	-	116,655
	Accruals and deferred income	-	1,834,417
	Amounts due to related parties	889,814	-
		<hr/>	<hr/>
		889,814	6,980,622
		<hr/>	<hr/>

In 2015 the bank overdraft of £1,647,093 was secured by a debenture held over the assets of the Limited Liability Partnership.

There is no security in place at 30 April 2016.

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

12 RELATED PARTY TRANSACTIONS

Darbys Solicitors LLP is connected with Darbys Legal Services LLP and Knights Professional Services Limited by virtue of their designated members and shareholdings, these being H Niebuhr, S McCrum and D Beech respectively.

On 26 January 2016 Darbys Solicitors LLP transferred the majority of the trade and assets to Darbys Legal Services LLP. The assets and liabilities were transferred at their net book value of £200,483.

On 31 January 2016, Knights Professional Services Limited acquired the controlling interest in Darbys Solicitors LLP, Darbys Solicitors LLP continued to trade as a separate entity until 29 February 2016 at which point the remaining trade and assets of Darbys Solicitors LLP were transferred into Knights Professional Services Limited. At 30 April 2016 £889,814 was payable to Knights Professional Services Limited.

13	CREDITORS: Amounts falling due after more than one year	30 April 2016 £	31 December 2015 £
	Net obligations under finance leases and hire purchase contracts	-	225,754

Minimum lease payments under hire purchase fall due as follows:

	30 April 2016 £	31 December 2015 £
Within one year	-	387,835
Between one and two years	-	225,754
	-	613,589

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

14 FINANCIAL INSTRUMENTS

The carrying amount of the LLP's financial instruments at the period end were:

	30 April 2016 £	31 December 2015 £
Financial assets:		
Debt instruments measured at amortised cost:		
Trade debtors	-	3,590,869
Contracts not yet billed	-	3,393,719
	<hr/>	<hr/>
	-	6,984,588
Financial liabilities;		
Measured at amortised cost		
Trade creditors	-	360,115
Bank overdrafts	-	1,647,093
Accruals	-	1,721,309
	<hr/>	<hr/>
	-	3,728,517
	<hr/>	<hr/>

15 PROVISIONS FOR LIABILITIES

	Dilapidation provision £
At 1 January 2016	25,200
Transferred to Knights Professional Services Limited	(25,200)
	<hr/>
At 30 April 2016	-
	<hr/>

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

16 RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH (USED IN)/FROM OPERATIONS

	30 April 2016 £	31 December 2015 £
(Loss)/profit for the period	(889,814)	470,643
Adjustments for:		
Impairment of goodwill	76,911	80,504
Depreciation of tangible fixed assets	13,442	379,942
Interest receivable	(6,763)	(9,773)
Interest payable	2,212	-
Operating cash flows before movements in working capital	(804,012)	921,316
Decrease/(increase) in trade and other debtors	2,012,426	(500,678)
(Decrease)/increase in trade and other creditors	(1,851,426)	892,419
Increase in provisions	-	6,000
Cash (used in)/from operations	(643,012)	1,319,057

17 COMMITMENTS UNDER OPERATING LEASES

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

	Land and buildings £	Total £	Land and buildings £	Other £	Total £
Amounts due in less than one year	-	-	14,000	-	14,000
Amounts due within two and five years	-	-	229,613	417,004	646,617
Amounts due in more than 5 years	-	-	4,025,595	-	4,025,595
	-	-	4,269,208	417,004	4,686,212

Darbys Solicitors LLP

NOTES TO THE FINANCIAL STATEMENTS

for the 121 day period ended 30 April 2016

18 PENSION COMMITMENTS

The Limited Liability Partnership operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Limited Liability Partnership in an independently administered fund. The pension cost charge represents contributions payable by the partnership to the fund and amounted to £20,517 (2015: £212,870). Contributions totalling £nil (2015: £64,793) were payable to the fund at the balance sheet date and are included in creditors.

19 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

On 31 January 2016, Knights Professional Services Limited acquired the LLP for a consideration of £0.50 and on 1 March 2016 the trade and assets of the LLP were transferred to Knights Professional Services Ltd.

As at 30 April 2016, Knights Professional Services Limited is the controlling party of Darbys Solicitors LLP.

David Beech is the ultimate controlling party of Knights Professional Services Limited.

20 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the designated members and managers who are considered to be the key management personnel of the LLP was £nil (2015: £2,509,384).

The LLP is now under the control of Knights Professional Services Limited and as such remuneration of key management personnel is included in that company.