

**LLP Registration No. OC326165**

**MILLS & REEVE LLP**

**Report and Financial Statements**

**31 May 2015**

**SATURDAY**



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**COMPANIES HOUSE**

**MILLS & REEVE LLP**

**REPORT AND FINANCIAL STATEMENTS 2015**

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# **MILLS & REEVE LLP**

## **REPORT AND FINANCIAL STATEMENTS 2015**

### **DESIGNATED MEMBERS AND PROFESSIONAL ADVISERS**

#### **DESIGNATED MEMBERS**

R M Jeffries (resigned 31 May 2015)  
G R Hinchley (resigned 31 May 2015)  
C M Clarke  
C E Jenkins  
J J P Ripman  
N J R Davis (appointed 1 June 2015)  
C S G Staveley (appointed 1 June 2015)

#### **REGISTERED OFFICE**

Fountain House  
130 Fenchurch Street  
London  
EC3M 5DJ

#### **BANKERS**

The Royal Bank of Scotland Plc  
1 Broadland Business Park  
Peachman Way  
Norwich  
NR7 0WF

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

## **MILLS & REEVE LLP**

### **MEMBERS' REPORT**

The members are pleased to present their report and the audited financial statements for the year ended 31 May 2015.

#### **PRINCIPAL ACTIVITY**

The principal activity of Mills & Reeve LLP is the provision of legal services in the UK.

#### **GROUP STRUCTURE**

These financial statements are the statutory accounts for Mills & Reeve LLP and reflect the results for the year to 31 May 2015. The financial statements consolidate the accounts of Mills & Reeve LLP and all its subsidiary undertakings (the 'group') drawn up to 31 May each year.

#### **RESULTS AND REVIEW OF BUSINESS**

The results for the year are set out on page 6. The members regard the results and future prospects to be satisfactory.

#### **DESIGNATED MEMBERS**

The designated members who served throughout the year and subsequently are shown on page 1.

#### **MEMBERS' DRAWINGS AND CAPITAL POLICY**

The members' policy on drawings is dependent upon the working capital requirements of the firm. 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 are known and announced to the members.

The level of members' capital is determined by the members from time to time. Capital is repaid to members on resignation from the firm, or at such other time as is determined by the Board.

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to those of other employees.

#### **EMPLOYEE CONSULTATION**

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings, intranet announcements and office briefings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

#### **AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditors will be proposed at the next meeting of the Board.



CHARLES STAVELEY

Approved and signed on behalf of the Members

24 September 2015

## **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). 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLS & REEVE LLP**

We have audited the financial statements of Mills & Reeve LLP (the "financial statements") for the year ended 31 May 2015 which comprise the consolidated profit and loss account, the consolidated and limited liability partnership balance sheets, the consolidated cash flow statement and the related notes 1 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).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable 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 LLP'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 LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

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. 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent LLP's affairs as at 31 May 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLS & REEVE  
LLP (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 as applicable to limited liability partnerships requires us to report to you 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 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.



**Peter Saunders (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

15 October 2015

**MILLS & REEVE LLP**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**Year ended 31 May 2015**

	Note	2015 £'000	2014 £'000
<b>TURNOVER</b>	2	81,323	79,111
Direct costs		(26,837)	(26,157)
Other operating income		663	743
<b>GROSS PROFIT</b>		55,149	53,697
Administrative expenses		(25,808)	(25,120)
<b>OPERATING PROFIT</b>		29,341	28,577
Net interest receivable	5	693	452
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	30,034	29,029
Taxation	6	(313)	(329)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	29,721	28,700
Profit retained in subsidiaries		(45)	(12)
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		29,676	28,688
Members' remuneration charged as an expense	15	(29,676)	(28,688)
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		-	-

All results relate to continuing activities.

There have been no recognised gains and losses other than the profit for the current and previous year. Accordingly no statement of total recognised gains and losses is presented.



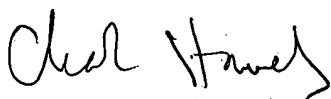
**MILLS & REEVE LLP**

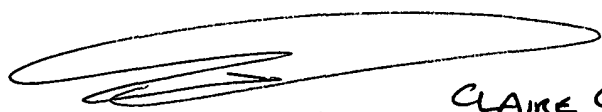
**CONSOLIDATED BALANCE SHEET**  
**31 May 2015**

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	5,978	6,441
Intangible assets	9	120	160
		<u>6,098</u>	<u>6,601</u>
<b>CURRENT ASSETS</b>			
Stocks		39	47
Debtors	11	30,518	31,861
Cash at bank and in hand		4,647	3,120
		<u>35,204</u>	<u>35,028</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(12,512)</u>	<u>(12,007)</u>
<b>NET CURRENT ASSETS</b>		<u>22,692</u>	<u>23,021</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		28,790	29,622
<b>CREDITORS: amounts falling due after more than one year</b>	13	(415)	(943)
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>(423)</u>	<u>(436)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>27,952</u>	<u>28,243</u>
<b>REPRESENTED BY:</b>			
Members' capital classified as a liability under FRS25	15	14,276	14,830
Other reserves classified as a liability under FRS25	15	13,676	13,413
	15	<u>27,952</u>	<u>28,243</u>

These financial statements of Mills & Reeve LLP, registered number OC326165 were approved by the Board on behalf of the Members and authorised for issue on **24/09/2015**

Approved and signed on behalf of the Members

  
Designated Member **CHARLES STAVELEY**

  
Designated Member **CLAIRE CLARKE**


**MILLS & REEVE LLP**


**BALANCE SHEET**  
**31 May 2015**

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	5,968	6,431
Intangible assets	9	120	160
Investments	10	261	261
		<u>6,349</u>	<u>6,852</u>
<b>CURRENT ASSETS</b>			
Stocks		39	47
Debtors	11	30,547	31,719
Cash at bank and in hand		4,045	2,829
		<u>34,631</u>	<u>34,595</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(12,302)</u>	<u>(11,892)</u>
<b>NET CURRENT ASSETS</b>		<u>22,329</u>	<u>22,703</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,678</u>	<u>29,555</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	<u>(415)</u>	<u>(943)</u>
<b>PROVISIONS FOR LIABILITIES</b>	14	<u>(423)</u>	<u>(436)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u>27,840</u>	<u>28,176</u>
<b>REPRESENTED BY:</b>			
Members' capital classified as a liability under FRS25	15	14,276	14,830
Other reserves classified as a liability under FRS25	15	13,564	13,346
	15	<u>27,840</u>	<u>28,176</u>

These financial statements of Mills & Reeve LLP, registered number OC326165 were approved by the Board on behalf of the members and authorised for issue on **24/09/2015**

Approved and signed on behalf of the Members

 **CHARLES STAVELEY**  
Designated Member

 **CLAIRE CLARKE**  
Designated Member

**MILLS & REEVE LLP**

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 May 2015**

	<b>Note</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Net cash inflow from operating activities	18	31,362	26,286
Returns on investments and servicing of finance	19	693	452
Taxation	19	(304)	(342)
Capital expenditure and financial investment	19	(1,117)	(1,189)
Acquisitions - cash acquired with business		-	682
Transactions with members	19	(28,645)	(27,261)
Net cash inflow (outflow) before financing		1,989	(1,372)
Financing	19	(515)	1,463
Increase in cash	20,21	1,474	91

## **MILLS & REEVE LLP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2015**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. These have all been applied consistently throughout the current and prior year.

##### **Basis of preparation**

The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted by the members are described below.

##### **Accounting convention**

The financial statements have been prepared in accordance with the historical cost convention.

##### **Going concern**

These financial statements show the position towards the end of the firm's 2015 Strategy. Implementation of that strategy involves four key priorities:

- To strengthen client relationships
- To grow through acquisition and lateral hires
- To improve partner performance, development and engagement
- To improve operating efficiencies

The outcome of that focus on four key areas is an improved financial performance and both turnover and profit has grown during the year.

The Finance team have worked with fee earners to control debt and work in progress. This has led to a reduction in overall lock up. Distributions to members of retained profits are based of meeting lock up targets during the year and as such overall cashflow requirements are in line with planned levels.

At the year end members' capital was £14.3m and other reserves totalled £13.7m. The firm meets its day to day working capital requirements through an overdraft facility which is due for an annual renewal in September 2015. The firm's profit and cash flow forecasts, taking account of possible changes in trading performance, show that the firm should be able to operate within the level of the current overdraft facility and the bank has indicated its willingness to renew its current overdraft facility.

The members, following a review of the firm's financial plan for the coming twelve months, have formed the judgement that there is a reasonable expectation that the firm has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these accounts.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Mills & Reeve LLP and all its subsidiaries. The acquisition method has been adopted.

In accordance with section 408 of the Companies Act 2006, the separate profit and loss account of the parent LLP is not presented in these financial statements. The profit for the year available for division among members reflected in the individual profit and loss account of the LLP for the year ended 31 May 2015 is £29,676k (2014 - £28,688k).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2015**

**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 at rates calculated to write off the cost, less estimated residual value, on each asset on a straight line basis over its expected useful life, as follows:

Leasehold buildings and improvements (excluding fit out costs)	the unexpired period of the lease
Fit out costs	15 years or unexpired period of the lease
Computer equipment	3 to 5 years
Fixtures, fittings and office equipment	3 to 10 years
Motor vehicles	3 or 4 years

**Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the estimated useful life of 5 years.

**Investments**

Fixed asset investments are shown at cost less provision for impairment.

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Taxation**

Members are personally liable for taxation on their share of the profits of the limited liability partnership. Consequently no reserve for taxation is made in the financial statements in respect of members' tax liabilities, and the profits are shown within 'Members' interests' or as 'Loans and other debts due to members' without any deduction for tax.

The consolidated accounts incorporate the tax position of the underlying subsidiaries, which are subject to corporation tax due to their company status. The accounting policy applied in the recognition of this tax position in the consolidated accounts is detailed below.

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leases**

Rents payable and receivable under operating leases are charged on a straight line basis over the lease term, even if the payments or receipts are not made on such a basis.

**Pension costs**

The firm operates a group personal pension plan. Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## MILLS & REEVE LLP

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

#### 1. ACCOUNTING POLICIES (continued)

##### Turnover and revenue recognition

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

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions': Application Note G 'Revenue Recognition' and the Urgent Issues Task Force Abstract 40 'Revenue recognition and service contracts'. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the firm. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs. Unbilled fee income is included as amounts recoverable from clients in respect of unbilled work performed within debtors.

#### 2. TURNOVER

Turnover represents fee income earned from the provision of legal services in the United Kingdom, and is stated net of value added tax.

No segmental analysis has been shown since the members consider that such disclosure would be prejudicial to the business.

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is after charging / (crediting)		
Loss on disposals	2	7
Depreciation	1,578	1,555
Amortisation	40	40
Rentals under operating leases		
Land and buildings	3,162	3,172
Rentals received from operating leases		
Land and buildings	(401)	(389)
Auditor's remuneration		
Audit fees	34	33
Other services pursuant to legislation	21	20
Tax services	6	6

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 4. STAFF COSTS

	2015 No.	2014 No.
<b>Staff numbers</b>		
Fee earners	355	361
Secretaries	167	164
Support staff	174	170
	<u>696</u>	<u>695</u>
<b>Staff costs</b>		
	<b>£'000</b>	<b>£'000</b>
Employee costs during the period amounted to:		
Wages and salaries	26,114	26,103
National insurance	3,604	3,602
Pension costs	3,246	3,021
	<u>32,964</u>	<u>32,726</u>

### 5. NET INTEREST RECEIVABLE

	2015 £'000	2014 £'000
Bank interest receivable (net of amounts paid to clients)	736	463
Bank interest payable	(43)	(11)
	<u>693</u>	<u>452</u>

### 6. TAXATION

	2015 £'000	2014 £'000
<b>Tax charge for the period</b>		
<b>Current taxation</b>		
United Kingdom corporation tax	313	329

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 20.8% (2014 – 22.7%). The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	2015 £'000	2014 £'000
<b>Reconciliation of current tax</b>		
Profit on ordinary activities before taxation	30,034	29,029
Tax on profit on ordinary activities at standard rate	6,247	6,590
Tax assessable to members	(5,877)	(6,334)
Transfer pricing adjustment	(57)	72
Adjustments in respect of prior years	-	1
Total actual amount of current tax	<u>313</u>	<u>329</u>

The Finance Act 2014, which provides for a reduction in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 17 July 2014. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2015

### 7. MEMBERS' SHARE OF PROFITS

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

	2015 No	2014 No
Average number of members during the year	116	116

Profit attributable to the member with the largest entitlement to profit was £421k (2014 - £418k)

### 8. TANGIBLE FIXED ASSETS

GROUP	Leasehold buildings and impro- vements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 June 2014	7,074	1,448	755	5,756	26	15,059
Additions	424	126	46	521	-	1,117
Disposals	(14)	(41)	(68)	-	-	(123)
At 31 May 2015	7,484	1,533	733	6,277	26	16,053
<b>Accumulated depreciation</b>						
At 1 June 2014	3,102	946	541	4,015	14	8,618
Charge for the year	594	169	74	734	7	1,578
Disposals	(13)	(40)	(68)	-	-	(121)
At 31 May 2015	3,683	1,075	547	4,749	21	10,075
<b>Net book value</b>						
At 31 May 2015	3,801	458	186	1,528	5	5,978
At 31 May 2014	3,972	502	214	1,741	12	6,441



# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2015

### 8. TANGIBLE FIXED ASSETS (continued)

LLP	Leasehold buildings and impro- vements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 June 2014	7,057	1,448	755	5,756	26	15,042
Additions	424	126	46	521	-	1,117
Disposals	(14)	(41)	(68)	-	-	(123)
At 31 May 2015	<u>7,467</u>	<u>1,533</u>	<u>733</u>	<u>6,277</u>	<u>26</u>	<u>16,036</u>
<b>Accumulated depreciation</b>						
At 1 June 2014	3,095	946	541	4,015	14	8,611
Charge for the year	594	169	74	734	7	1,578
Disposals	(13)	(40)	(68)	-	-	(121)
At 31 May 2015	<u>3,676</u>	<u>1,075</u>	<u>547</u>	<u>4,749</u>	<u>21</u>	<u>10,068</u>
<b>Net book value</b>						
At 31 May 2015	<u>3,791</u>	<u>458</u>	<u>186</u>	<u>1,528</u>	<u>5</u>	<u>5,968</u>
At 31 May 2014	<u>3,962</u>	<u>502</u>	<u>214</u>	<u>1,741</u>	<u>12</u>	<u>6,431</u>

### 9. INTANGIBLE FIXED ASSETS

#### GROUP AND LLP

	Goodwill £'000
<b>Cost</b>	
At 1 June 2014 and 31 May 2015	<u>200</u>
<b>Accumulated amortisation</b>	
At 1 June 2014	40
Charge for the year	<u>40</u>
At 31 May 2015	<u>80</u>
<b>Net book value</b>	
At 31 May 2015	<u>120</u>
At 31 May 2014	<u>160</u>

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 10. FIXED ASSET INVESTMENTS

LLP	2015 £'000	2014 £'000
Subsidiary undertakings	250	250
Other investments and loans	11	11
	<u>261</u>	<u>261</u>

Name	Nature of trade	Proportion of share capital and voting rights held	Country of incorporation
Mills & Reeve Limited	Dormant company	100%	UK
Everslim Services	Dormant company	100%	UK
Mills & Reeve Nominees Limited	Dormant company	100%	UK
Francis House Trustees Limited	Management services	100%	UK
Wellred Nominees Limited	Management services	100%	UK
M & R Secretarial Services Limited	Secretarial services	100%	UK
Mills & Reeve Trust Corporation Limited	Trust services	100%	UK
Mills & Reeve Services Limited	Employment services	100%	UK
CUEF Robinson Bond Investment Limited *	Dormant company	100%	UK
M&R Sarum 1 Limited *	Dormant company	100%	UK
M&R Sarum 2 Limited *	Dormant company	100%	UK
M&R Sarum 3 Limited *	Dormant company	100%	UK
M&R Sarum 4 Limited *	Dormant company	100%	UK
Sarum (TCC) Limited *	Dormant company	100%	UK
M&R Nominees Limited *	Dormant company	100%	UK
M&R Dorney 1 Limited *	Dormant company	100%	UK
M&R Dorney 2 Limited *	Dormant company	100%	UK
M&R Dorney 3 Limited *	Dormant company	100%	UK
M&R Dorney 4 Limited *	Dormant company	100%	UK
Dorney (CUEF) Limited *	Dormant company	100%	UK

All of the above investments are held directly by the LLP other than indirect subsidiaries as marked.

\*represents indirect subsidiaries (held by Mills & Reeve Trust Corporation Limited).

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2015

### 11. DEBTORS

	GROUP		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
<b>Due within one year:</b>				
Trade debtors	19,837	21,543	19,834	21,534
Amounts recoverable from clients in respect of unbilled work performed	6,292	5,990	6,292	5,990
Accrued income	328	370	328	370
Other debtors	523	678	526	528
Prepayments	3,538	3,280	3,529	3,270
Amount owed by group undertakings	-	-	38	27
	<u>30,518</u>	<u>31,861</u>	<u>30,547</u>	<u>31,719</u>

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank overdraft	556	503	556	503
Bank loan	533	520	533	520
Trade creditors	3,931	3,899	3,931	3,899
Amount owed to group undertakings	-	-	2,834	2,655
Taxation and social security	2,786	3,274	726	1,314
Accruals and deferred income	2,776	3,019	1,935	2,343
Provision for annuity	35	-	35	-
Sundry creditors	385	206	385	206
Former partners' accounts	1,367	452	1,367	452
Corporation tax	143	134	-	-
	<u>12,512</u>	<u>12,007</u>	<u>12,302</u>	<u>11,892</u>

The bank loan and overdraft are both unsecured.

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2015

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loan	415	943	415	943

The bank loan is unsecured.

Borrowings are repayable as follows:

	GROUP		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank loans				
Between one and two years	415	534	415	534
Between two and five years	-	409	-	409
	415	943	415	943
On demand or within one year	533	520	533	520
	948	1,463	948	1,463

### 14. PROVISIONS FOR LIABILITIES

GROUP AND LLP	Claims provision £'000
At 1 June 2014	436
Charged to profit and loss account	110
Utilisation of provision	(123)
At 31 May 2015	423

### 15. TOTAL MEMBERS' INTERESTS

GROUP	Members' capital £'000	Other reserves £'000	Total members' interests £'000
At 1 June 2014	14,830	13,413	28,243
Allocated profits	-	29,721	29,721
Capital introduced	273	-	273
Transfer to former partners' accounts	(827)	(540)	(1,367)
Drawings	-	(28,918)	(28,918)
At 31 May 2015	14,276	13,676	27,952

# MILLS & REEVE LLP

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 May 2015

### 15. TOTAL MEMBERS' INTERESTS (continued)

LLP	Members' capital £'000	Other reserves £'000	Total members' interests £'000
At 1 June 2014	14,830	13,346	28,176
Allocated profits	-	29,676	29,676
Capital introduced	273	-	273
Transfer to former partners' accounts	(827)	(540)	(1,367)
Drawings	-	(28,918)	(28,918)
At 31 May 2015	14,276	13,564	27,840

In the event of a winding up, loans and other debts due to members and members' other interests rank subordinate to other unsecured creditors.

### 16. FINANCIAL OBLIGATIONS

Annual commitments under non-cancellable operating leases are as follows:

Land and buildings	2015 £'000	2014 £'000
Leases which expire:		
Within one year	208	29
Between one and five years	491	814
After five years	2,640	2,301
	3,339	3,144

### 17. PENSIONS

As at 31 May 2015 contributions of £297k (2014 - £nil) due in respect of the current year had not been paid over to schemes.

### 18. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Operating profit	29,341	28,577
Depreciation	1,578	1,555
Amortisation	40	40
Loss on sale of fixed assets	2	7
Decrease / (increase) in debtors	1,343	(3,547)
Decrease in creditors	(937)	(541)
Decrease / (increase) in stocks	8	(2)
(Decrease) / increase in provisions	(13)	197
Net cash inflow from operating activities	31,362	26,286

# **MILLS & REEVE LLP**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 May 2015**

### **19. ANALYSIS OF CASH FLOWS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	736	463
Interest paid	(43)	(11)
	<u>693</u>	<u>452</u>
<b>Taxation</b>		
Tax paid	<u>(304)</u>	<u>(342)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	<u>(1,117)</u>	<u>(1,189)</u>
<b>Transactions with members</b>		
Payments to members	(28,918)	(28,973)
Capital introduced by members	273	1,712
	<u>(28,645)</u>	<u>(27,261)</u>
<b>Financing</b>		
New unsecured loan	-	1,600
Repayment of borrowings	(515)	(137)
	<u>(515)</u>	<u>1,463</u>

### **20. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>1 June</b>	<b>Cash flow</b>	<b>31 May</b>
	<b>2014</b>		<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	3,120	1,527	4,647
Bank overdraft	(503)	(53)	(556)
		<u>1,474</u>	
Debt due after one year	(520)	(13)	(533)
Debt due within one year	(943)	528	(415)
	<u>1,154</u>	<u>1,989</u>	<u>3,143</u>

# **MILLS & REEVE LLP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 May 2015**

### **21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Increase in cash	1,474	91
Cash outflow/(inflow) from change in debt	515	(1,463)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	1,989	(1,372)
Net funds at 1 June 2014	1,154	2,526
	<hr/>	<hr/>
Net funds at 31 May 2015	<u>3,143</u>	<u>1,154</u>

### **22. TRANSACTIONS WITH RELATED PARTIES**

All transactions with related parties were conducted on an arm's length basis conferred by Financial Reporting Standard 8.

The members have taken advantage of the exemption from reporting transactions with other group companies on the grounds that group accounts are prepared.

### **23. CONTROLLING PARTY**

In the opinion of the members there is no controlling party as defined by Financial Reporting Standard 8.