

LLP Registration No. OC326165

MILLS & REEVE LLP

Annual Report and Financial Statements

31 May 2021

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MILLS & REEVE LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

CONTENTS

Page

Designated members and professional advisers	1
Members' report	2
Energy and carbon report	4
Members' responsibilities statement	5
Independent auditor's report	6
Consolidated profit and loss account	10
Consolidated balance sheet	11
LLP Balance sheet	12
Consolidated statement of changes in members' interests	13
LLP statement of changes in members' interests	14
Consolidated cash flow statement	15
Notes to the financial statements	16

MILLS & REEVE LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

DESIGNATED MEMBERS AND PROFESSIONAL ADVISERS

DESIGNATED MEMBERS

C M Clarke
J J P Ripman
N J R Davis
C S G Staveley
M A Hovell
S E Seed

REGISTERED OFFICE

24 King William Street
London
EC4R 9AT

BANKERS

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

HSBC UK Bank Plc
50 – 60 Station Road
Cambridge
CB1 2JH

AUDITOR

Deloitte LLP
Statutory Auditor
London

MILLS & REEVE LLP

MEMBERS' REPORT

The members are pleased to present their annual report and the audited financial statements for the year ended 31 May 2021.

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 2021. The financial statements consolidate the accounts of Mills & Reeve LLP and all its subsidiary undertakings (the 'Group') drawn up to 31 May each year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the year are set out on page 10.

The members are again pleased with a very strong performance despite the Covid-19 pandemic and anticipate continued profitable trading for the foreseeable future. Our key aim is to deliver high quality legal work and we continue to progress our core strategy which is focussed on being a leader in client experience supported by being a leader in people experience and innovation and a leader within our chosen sectors and markets. Investment in our people, technology and infrastructure will continue to support these goals. Our client base represents a broad number of sectors within the UK and overseas.

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 retirement 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 aptitude 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, email and intranet announcements and office briefings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

COVID-19

The COVID-19 pandemic has once again tested the resilience of our business, however activity levels have been strong resulting in increased year on year turnover. We had agreed a set of guiding principles at the start of the pandemic in March 2020, to guide us in navigating what we anticipated to be some challenging times. These principles were communicated to all partners and staff and have been used throughout this financial year. The partnership has continued to follow guidance and successfully operated with the majority of our partners and staff working effectively from home. We have continued to prepare and review enhanced daily reporting for key management and have monitored this very closely throughout the year. This reporting included information on key business drivers such as activity, cash and availability of our staff (i.e. sickness levels). Whilst some teams have

MILLS & REEVE LLP

MEMBERS' REPORT

COVID-19 (continued)

experienced a slow down in activity at times during the year, most teams have been busy throughout or at least in the second half of the financial year. Overall, fees and cash for the year were well ahead on what was originally forecast. We also had a number of measures in place to manage our cost base specifically, particularly at the start of the financial year:

- A number of staff, mainly in our facilities, events and Executive Support Service teams were furloughed until September 2020 under the government's coronavirus job retention scheme;
- From June to September 2020, a number of lawyers in quieter parts of the business voluntarily agreed to temporarily reduce their work arrangement by 20%; and
- The March to June 2020 VAT payments and the July 2020 partner tax payment were deferred under HMRCs tax deferral scheme.

As a result of our strong fees and cash performance, we have repaid the furlough amounts received under the coronavirus job retention scheme to HMRC. We have not required any further borrowing and have a strong cash position. We do however, monitor our cash balances closely and will continue to carry out monthly re-forecasting of fees; costs and cashflow throughout the coming year.

AUDITOR

In the case of each of the persons who are members of the Group at the date when this report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved and signed on behalf of the Members



Justin Ripman (Designated Member)
For an on behalf of Mills & Reeve LLP

Date: 1 October 2021

MILLS & REEVE LLP

MEMBERS' REPORT

In line with the Streamlined Energy and Carbon Reporting legislation, the Group is required to report its energy consumption and greenhouse gas emissions arising in the UK. All scope 1 & 2 sources of energy and emissions have been disclosed as well as mandatory scope 3 sources of energy and emissions as required under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended.

Source of Energy & Emissions	Energy Consumption (MWh)		GHG Emissions (tCO ₂ e)	
	2021	2020	2021	2020
Combustion of Natural Gas	1,803.30	1,621.33	331.57	298.08
Combustion of Gas Oil	0.21	-	0.05	-
From Other Activities inc. Process & Fugitive	-	-	-	2.80
Scope 1 Total	1,803.51	1,621.33	331.63	300.88
From Purchased Electricity	1,861.96	2,232.29	434.10	570.57
Scope 2 Total	1,861.96	2,232.29	434.10	570.57
Combustion of Fuel in Staff Vehicles	41.96	389.27	10.40	93.01
Scope 3 Total	41.96	389.27	10.40	93.01
Grand Total	3,707.42	4,242.89	776.13	964.47
Intensity per 1000 m2 Gross Floor Area	274.90	307.27	57.55	69.85
Intensity per £m Turnover	29.83	37.29	6.24	8.48

Mills & Reeve are a long standing member of the Legal Sustainability Alliance and work hard towards improving the social and economic impacts of our activity, as well as the environmental ones.

During the last 12 months our concentration has been keeping our staff safe whilst continuing to deliver an outstanding service to our clients. With reduced numbers of staff and Partners coming into the office we have reduced business travel and commuting, electricity consumption, paper usage, and waste.

We have rolled out online meeting software across the Group, with meetings and collaboration largely being done online instead of face to face. With hybrid working going forward, our aim is to continue to utilise these technologies and build further on improvements we have made to reduce our environmental impact.

Compared to last year our total energy consumption has reduced by 12.6% or 535.5 MWh (32.4 MWh per 1000m²) and our greenhouse gas emissions have reduced by 19.5% or 188.3 tonnes CO₂e (12.3 tonnes per 1000m²).

A list of members is available at Companies House.



Justin Ripman (Designated Member)
For an on behalf of Mills & Reeve LLP

Date: 1 October 2021

MILLS & REEVE LLP

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 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 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 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Mills & Reeve LLP (the 'parent limited liability partnership') 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 31 May 2021 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 profit and loss account;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in members' interests;
- 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 parent limited liability partnership 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 parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLS & REEVE LLP (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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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. This description forms part of our auditor's report.

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 about their own identification and assessment of the risks of irregularities.

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 2006 and tax legislation;
- 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 General Data Protection Regulation (GDPR), the Health & Safety Act, the Bribery Act, the Modern Slavery Act, Money Laundering Regulations and the regulation of the Solicitors Regulation Authority.

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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to the limited liability partnership's valuation of unbilled revenues known as work in progress (WIP) which is accounted for based on the expected recovery of unbilled time performed within the financial year and therefore there is judgement involved in determining the recovery rate. We selected a sample of matters included within WIP at year end and traced the samples through to any amounts billed and paid post year end and inquired with the relevant matter managers. We performed integrity testing around the classification of contingent matters in the WIP report by agreeing a sample through to their fee type in the matter file. We also assessed the accuracy of management's estimates of the related WIP provision against the historical recovery and performed testing over the design and implementation of the controls in order to value the year end WIP.

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 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.

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
- certain disclosures of members' remuneration specified by law are not made; 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.

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

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.



Peter Saunders (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 1 October 2021

MILLS & REEVE LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 May 2021

	Note	2021 £'000	2020 £'000
TURNOVER	3	124,295	113,780
Other operating income		931	1,166
Staff costs	5	(48,331)	(43,589)
Depreciation and amortisation		(2,423)	(2,391)
Other operating expenses		(22,435)	(26,015)
OPERATING PROFIT	4	52,037	42,951
Finance costs (net)	6	(32)	(72)
PROFIT BEFORE TAXATION	4	52,005	42,879
Tax on profit	7	(523)	(472)
PROFIT AFTER TAXATION		51,482	42,407
Amounts (retained) / transferred by subsidiaries		(2,231)	1,097
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		49,251	43,504
Members' remuneration charged as an expense		(49,251)	(43,504)
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		-	-

All results relate to continuing activities.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

MILLS & REEVE LLP**CONSOLIDATED BALANCE SHEET**
As at 31 May 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	11,193	11,351
		<u>11,193</u>	<u>11,351</u>
CURRENT ASSETS			
Debtors	12	47,774	43,555
Cash at bank and in hand		20,731	14,261
		<u>68,505</u>	<u>57,816</u>
CREDITORS: amounts falling due within one year	13	(25,489)	(19,379)
NET CURRENT ASSETS		<u>43,016</u>	<u>38,437</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		54,209	49,788
CREDITORS: amounts falling due after more than one year	14	(2,163)	(3,550)
PROVISIONS FOR LIABILITIES	15	(841)	(442)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>51,205</u>	<u>45,796</u>
REPRESENTED BY:			
Members' capital classified as a liability under FRS102		20,811	19,878
Other reserves classified as a liability under FRS102		30,394	25,918
TOTAL MEMBERS' INTEREST		<u>51,205</u>	<u>45,796</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 1 October 2021.

Approved and signed on behalf of the Members



Designated Member
Justin Ripman
For an on behalf of Mills & Reeve LLP



Designated Member
Claire Clarke
For an on behalf of Mills & Reeve LLP

MILLS & REEVE LLP

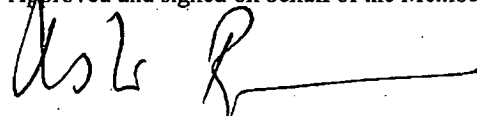
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS As at 31 May 2021

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	11,193	11,351
Investments	11	250	250
		<u>11,443</u>	<u>11,601</u>
CURRENT ASSETS			
Debtors	12	47,769	43,548
Cash at bank and in hand		17,919	11,664
		<u>65,688</u>	<u>55,212</u>
CREDITORS: amounts falling due within one year	13	<u>(26,466)</u>	<u>(18,338)</u>
NET CURRENT ASSETS		<u>39,222</u>	<u>36,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,665</u>	<u>48,475</u>
CREDITORS: amounts falling due after more than one year	14	<u>(2,163)</u>	<u>(3,550)</u>
PROVISIONS FOR LIABILITIES	15	<u>(841)</u>	<u>(442)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>47,661</u>	<u>44,483</u>
REPRESENTED BY:			
Members' capital classified as a liability under FRS102		20,811	19,878
Other reserves classified as a liability under FRS102		26,850	24,605
TOTAL MEMBERS' INTEREST		<u>47,661</u>	<u>44,483</u>

The profit before members remuneration for the financial year dealt with in the financial statements of the parent LLP was £49,251,000 (2020 - £43,504,000).

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 1 October 2021.

Approved and signed on behalf of the Members



Designated Member
Justin Ripman
For an on behalf of Mills & Reeve LLP



Designated Member
Claire Clarke
For an on behalf of Mills & Reeve LLP

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS
As at 31 May 2021

	Loans and other debts due to members within one year		
	Members' capital £'000	Other amounts £'000	Total £'000
At 1 June 2019	19,232	25,252	44,484
Total comprehensive income for the year divided among members	-	42,407	42,407
Members' interest after profit for the year	19,232	67,658	86,890
Distributions to members	-	(41,358)	(41,358)
Transfer to former partners' accounts	(180)	(382)	(562)
Capital introduced by members	826	-	826
At 1 June 2020	19,878	25,918	45,796
Total comprehensive income for the year divided among members	-	51,482	51,482
Members' interest after profit for the year	19,878	77,400	97,278
Distributions to members	-	(45,858)	(45,858)
Transfer to former partners' accounts	(947)	(1,148)	(2,095)
Capital introduced by members	1,880	-	1,880
At 31 May 2021	20,811	30,394	51,205

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

MILLS & REEVE LLP

LLP STATEMENT OF CHANGES IN MEMBERS' INTERESTS As at 31 May 2021

	Loans and other debts due to members within one year		
	Members' capital £'000	Other amounts £'000	Total £'000
At 1 June 2019	19,232	22,842	42,074
Total comprehensive income for the year divided among members	-	43,504	43,504
Members' interest after profit for the year	19,232	66,345	85,577
Distributions to members	-	(41,358)	(41,358)
Transfer to former partners' accounts	(180)	(382)	(562)
Capital introduced by members	826	-	826
At 1 June 2020	19,878	24,605	44,483
Total comprehensive income for the year divided among members	-	49,251	49,251
Members' interest after profit for the year	19,878	73,856	93,734
Distributions to members	-	(45,858)	(45,858)
Transfer to former partners' accounts	(947)	(1,148)	(2,095)
Capital introduced by members	1,880	-	1,880
At 31 May 2021	20,811	26,850	47,661

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

MILLS & REEVE LLP

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 May 2021

	Note	2021 £'000	2020 £'000
Net cash flow from operating activities	18	53,983	55,970
Cash flows from investing activities			
Interest received		31	46
Interest paid		(63)	(118)
Payments to acquire tangible fixed assets		(2,271)	(3,020)
Net cash flows from investing activities		(2,303)	(3,092)
Cash flows from financing activities			
Payments to members		(45,858)	(41,358)
Capital introduced by members		1,880	826
Proceeds from borrowings		-	4,000
Repayment of borrowings		(1,387)	(1,250)
Net cash flows from financing activities		(45,365)	(37,782)
Net increase in cash and cash equivalents		6,315	15,096
Cash and cash equivalents at beginning of year		13,982	(1,114)
Cash and cash equivalents at end of year		20,297	13,982
Reconciliation to cash at bank and in hand			
Cash at bank		20,731	14,261
Bank overdraft		(434)	(279)
Cash and cash equivalents		20,297	13,982

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

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.

General information and basis of accounting

Mills & Reeve LLP ("the Partnership") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. 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 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 Mills & Reeve LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Mills & Reeve 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 financial instruments, presentation of a cash flow statement, intra-Group transactions and remuneration of key management personnel.

For the year ending 31 May 2021, the following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 relating to subsidiary companies. The undertakings listed below are 100% owned, either directly or indirectly, by Mills & Reeve LLP.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
M&R Secretarial Services Limited	05065514
Mills & Reeve Limited	02242713
Everslim Services	02146590
Mills & Reeve (Nominees) Limited	03360399
CUEF Robinson Bond Investment Limited	08865757
M&R Sarum 1 Limited	07909652
M&R Sarum 2 Limited	07909658
M&R Sarum 3 Limited	07909665
M&R Sarum 4 Limited	07909668
Sarum (TCC) Limited	07914958
M&R Nominees Limited	08902952
M&R Dorney 1 Limited	08379888
M&R Dorney 2 Limited	08379960
M&R Dorney 3 Limited	08379907
M&R Dorney 4 Limited	08379878
Dorney (CUEF) Limited	08380165
Skara Brae Limited	09801995
Brodgar Limited	10419833

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

1. ACCOUNTING POLICIES (continued)

Basis of consolidation

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

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

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent LLP. The profit attributable to the LLP is disclosed in the footnote to the LLP's balance sheet.

Going concern

In their consideration of going concern, the members have reviewed the Group's future profit and cash flow forecasts, with sensitivity analysis, which are based on market projections and past experience. The members are of the opinion that the Group's forecasts and projections, which take into account reasonable possible changes in trading performance as a result of general economic disruption show that the Group is able to operate and comply with its banking covenants for the a period of at least twelve months from the date of approval of these financial statements.

At the year-end, members' capital was £20.8m (2020: £19.9m) and other reserves totalled £30.4m (2020: £25.9m). The firm meets its day to day working capital requirements through cash balances held at the bank and a seasonal overdraft facility (as required).

Whilst continued market uncertainty poses risk to the legal sector and certain elements of the firm's client base, the Group's activities are relatively well hedged and the members are comfortable that the impact on our business can continue to be managed. Reliance on government support to date has been limited to a small number of employees being furloughed, which has since been repaid, and deferral of our VAT and partner tax payments to 2021. Deferred partner tax payments have since been paid during this financial year, and the deferred VAT amounts are being paid back in ten monthly instalments between April 2021 and January 2022.

In assessing the going concern assumption, management have prepared 'base case' and 'reasonable worst case' forecasts that include mitigating actions within management's control. The key drivers of the cash forecasts are considered to be underlying activity levels and 'lock up' – being the time taken for activity to be billed and collected from clients. While management do not consider the 'reasonable worst case' scenario to be likely, they demonstrated that, with mitigating actions, the business is able to operate within its current banking facilities for a period of at least twelve months from the date of approval of these financial statements.

As a consequence, the members believe that the Group is well placed to manage its business risks successfully and continue to adopt the going concern basis in preparing these accounts.

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
Computer equipment	3 to 10 years
Fixtures, fittings and office equipment	3 to 10 years

Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. Provision is made for any impairment.

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

1. ACCOUNTING POLICIES (continued)

Investments

In the LLP balance sheet investments in subsidiaries are measured at cost less provision for impairment.

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 group 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 group'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/recognised on a straight line basis over the lease term, even if the payments or receipts are not made on such a basis.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

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.

Turnover and revenue recognition

Revenue 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. 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 Section 23 Revenue of Financial Reporting Standard 102. 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.

Unbilled fee income is included as amounts recoverable on contracts within debtors. Amounts recoverable on contracts are 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 fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified 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 Group after deducting all of its liabilities.

Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet 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 comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the Group considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing 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.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less 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 limited liability partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the limited liability partnership, 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.

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

1. ACCOUNTING POLICIES (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year. Amounts due to members after more than one year comprise provisions for annuities to current members which are not repayable within twelve months of the balance sheet date.

Divisible profits and members' remuneration

All profits for each year are charged as members' remuneration. No profits are available for discretionary division among the members.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the LLP'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

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Revenue recognition – unbilled work in progress

The value of work in progress is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, having regard to the Group's accounting policy for revenue recognition and historic experience.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade debtors management considers factors including the current credit rating of the debtor, the ageing profile and historic experience.

Measurement of provisions

The Group's provisions, as set out in note 15 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on Management's best estimate of future cash flows after taking due account of any insurance cover in place.

There are no key sources of estimation uncertainty.

3. TURNOVER

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

An analysis of the Group's revenue is as follows:

	2021 £'000	2020 £'000
Fee income	124,186	113,413
Net bank interest receivable on client monies	109	367
	<u>124,295</u>	<u>113,780</u>

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

4. OPERATING PROFIT

	2021 £'000	2020 £'000
Operating profit is after charging / (crediting)		
Loss on disposal of fixed assets	6	453
Depreciation	2,423	2,391
Rentals under operating leases		
Land and buildings	4,173	4,064
Rentals received from operating leases		
Land and buildings	(401)	(393)
Coronavirus Job Retention Scheme income	(342)	(134)
Coronavirus Job Retention Scheme repayments	476	-
Foreign exchange loss / (gain)	36	(4)
	<u> </u>	<u> </u>

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

	2021 £'000	2020 £'000
Fees payable to Mills & Reeve LLP's auditor and its associates for the audit of the Limited Liability Partnership's annual accounts	29	26
 The audit of Mills & Reeve LLP's subsidiaries	 25	 15
Total audit fees	<u>54</u>	<u>41</u>
 Taxation compliance services	 8	 7
Other assurance services	27	25
Total non-audit fees	<u>35</u>	<u>32</u>

No services were provided pursuant to contingent fee arrangements

MILLS & REEVE LLP**NOTES TO THE FINANCIAL STATEMENTS**
Year ended 31 May 2021**5. STAFF COSTS**

	2021	2020
Staff numbers	No.	No.
Fee earners	441	436
Secretaries	164	176
Support staff	223	226
	<u>828</u>	<u>838</u>
Staff costs	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	38,766	34,317
National insurance	3,923	3,920
Pension costs	5,651	5,352
	<u>48,331</u>	<u>43,589</u>

There are no staff employed by the entity, Mills & Reeve LLP, in 2021 or 2020. The above staff numbers are the average monthly number of employees.

6. FINANCE COSTS (NET)

	2021	2020
	£'000	£'000
Bank interest receivable	31	46
Bank interest payable	(63)	(118)
	<u>(32)</u>	<u>(72)</u>

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

7. TAX ON PROFIT OF SUBSIDIARIES

The taxation payable on profits of the LLP is the personal liability of the partners and is not dealt with in these financial statements. Accordingly, the disclosures provided below relate only to current and deferred tax in respect of the corporate subsidiaries.

	2021 £'000	2020 £'000
Tax charge for the year		
Current taxation		
United Kingdom corporation tax	523	472

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19% (2020 - 19%). The actual tax charge for the current year differs from the standard rate for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
Reconciliation of current tax		
Profit before taxation	52,005	42,879
Tax on profit at standard rate	9,881	8,147
Tax assessable to members	(9,358)	(7,675)
Total actual amount of current tax	523	472

The UK Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment occurred before the balance sheet date there is no impact on the accounts for the current period.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023, however there is no impact on the accounts for the current period as a result of this.

8. MEMBERS' SHARE OF PROFITS

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

	2021 No	2020 No
Average number of members during the year	133	128

Profit attributable to the member with the largest entitlement to profit was £579,000 (2020 - £531,000).

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

9. INTANGIBLE FIXED ASSETS

GROUP AND LLP

	Goodwill £'000
Cost	
At 1 June 2020 and 31 May 2021	200
Accumulated amortisation	
At 1 June 2020 and 31 May 2021	200
Net book value	
At 31 May 2021	-
At 31 May 2020	-

10. TANGIBLE FIXED ASSETS

GROUP AND LLP

	Leasehold buildings and improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 June 2020	9,686	2,374	1,108	9,535	22,703
Additions	1,067	177	21	1,006	2,271
Disposals	(243)	(90)	(25)	(70)	(428)
At 31 May 2021	10,510	2,461	1,104	10,471	24,546
Accumulated Depreciation					
At 1 June 2020	3,196	1,340	820	5,996	11,352
Charge for the year	893	330	111	1,089	2,423
Disposals	(243)	(90)	(19)	(70)	(422)
At 31 May 2021	3,846	1,580	912	7,015	13,353
Net book value					
At 31 May 2021	6,664	881	192	3,456	11,193
At 31 May 2020	6,490	1,034	288	3,539	11,351

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

11. FIXED ASSET INVESTMENTS

LLP	2021 £'000	2020 £'000
Subsidiary undertakings	250	250

Name	Nature of trade	Proportion of share capital and voting rights held	Country of incorporation
Mills & Reeve Limited ¹	Dormant company	100%	UK
Everslim Services ¹	Dormant company	100%	UK
Mills & Reeve (Nominees) Limited ¹	Dormant company	100%	UK
M & R Secretarial Services Limited ²	Secretarial services	100%	UK
Mills & Reeve Trust Corporation Limited ¹	Trust services	100%	UK
Mills & Reeve Services Limited ¹	Employment services	100%	UK
CUEF Robinson Bond Investment Limited * ³	Dormant company	100%	UK
M&R Sarum 1 Limited * ²	Dormant company	100%	UK
M&R Sarum 2 Limited * ²	Dormant company	100%	UK
M&R Sarum 3 Limited * ²	Dormant company	100%	UK
M&R Sarum 4 Limited * ²	Dormant company	100%	UK
Sarum (TCC) Limited * ²	Dormant company	100%	UK
M&R Nominees Limited * ²	Dormant company	100%	UK
M&R Dorney 1 Limited * ²	Dormant company	100%	UK
M&R Dorney 2 Limited * ²	Dormant company	100%	UK
M&R Dorney 3 Limited * ²	Dormant company	100%	UK
M&R Dorney 4 Limited * ²	Dormant company	100%	UK
Dorney (CUEF) Limited * ²	Dormant company	100%	UK
Skara Brae Limited * ¹	Non-trading	100%	UK
Brodgar Limited * ¹	Holding company	100%	UK

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

*represents indirect subsidiaries (held by Mills & Reeve Trust Corporation Limited, Skara Brae Limited and M&R Nominees Limited).

The registered addresses of the subsidiaries listed above are as follows:

¹ 1 St James Court, Whitefriars, Norwich, Norfolk, NR3 1RU

² Botanic House, 100 Hills Road, Cambridge, England, CB2 1PH

³ The Old Schools (University Offices), Trinity Lane, Cambridge, United Kingdom, CB2 1TN

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

12. DEBTORS

	GROUP		LLP	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Due within one year:				
Trade debtors	31,276	29,637	31,272	29,632
Amounts recoverable from clients in respect of unbilled work performed	10,969	8,954	10,969	8,954
Accrued income	647	403	647	403
Other debtors	397	459	397	457
Prepayments	4,485	4,102	4,484	4,102
	<u>47,774</u>	<u>43,555</u>	<u>47,769</u>	<u>43,548</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		LLP	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank overdraft	434	279	434	279
Bank loans	1,400	1,400	1,400	1,400
Trade creditors	4,373	3,959	4,373	3,959
Amount owed to subsidiaries	-	-	8,910	5,740
Taxation and social security	9,185	8,720	6,248	3,778
Accruals	7,707	4,106	3,006	2,529
Sundry creditors	4	19	2	19
Former partners' accounts	2,093	634	2,093	634
Corporation tax	293	262	-	-
	<u>25,489</u>	<u>19,379</u>	<u>26,466</u>	<u>18,338</u>

The bank loans and overdraft are unsecured.

The amounts owed to subsidiaries were unsecured, interest free and free from guarantees. They will be settled with cash.

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		LLP	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans	2,163	3,550	2,163	3,550

Interest is payable on the two five year bank loans at a variable rate of base +1.65% and +1.25% respectively upon the principal amounts.

Borrowings are repayable as follows:

	GROUP		LLP	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans				
On demand or within one year	1,400	1,400	1,400	1,400
Between one and five years	2,163	3,550	2,163	3,550
	3,563	4,950	3,563	4,950

The members of the LLP have agreed that (a) loans and other debts due to members, (b) members' other interests (including capital and reserves) and (c) any members' residual interest will rank behind all amounts due to non-members in the administrative or winding up of the LLP. This agreement cannot be revoked by the members and may be enforced by creditors.

15. PROVISIONS FOR LIABILITIES

GROUP AND LLP	Claims provision £'000
At 1 June 2020	442
Charged to profit and loss account	754
Utilisation of provision	(355)
At 31 May 2021	841

In respect of the legal claims provision, payments will be made on conclusion of the individual legal claims and are shown net of any related insurance reimbursement.

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

16. FINANCIAL OBLIGATIONS

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

GROUP AND LLP	2021	2020
Land and buildings	£'000	£'000
Within one year	4,606	4,105
Between one and five years	17,239	16,273
After five years	11,643	12,830
	<u>33,488</u>	<u>33,208</u>

At 31 May 2021 the Group and LLP had authorised and contracted capital commitments of £nil (2020 - £nil).

17. PENSIONS

The total expense charged to the profit and loss in the year ended 31 May 2021 was £5,650,000 (2020: £5,352,000). As at 31 May 2021 contributions of £nil (2020 - £nil) due in respect of the current year had not been paid over to schemes.

18. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations.

	2021	2020
	£'000	£'000
Operating profit	52,037	42,951
Tax paid	(492)	(449)
Depreciation	2,423	2,391
Loss on disposal of fixed assets	6	453
Operating cash flow before movement in working capital	<u>53,974</u>	<u>45,345</u>
(Increase) / decrease in debtors	(4,219)	7,086
Increase in creditors	3,829	3,667
Increase in stocks	-	43
Increase / (decrease) in provisions	399	(171)
Cash generated by operations	<u>53,983</u>	<u>55,970</u>

MILLS & REEVE LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2021

18. CASH FLOW STATEMENT (CONTINUED)

Net debt reconciliation

	1 June 2020 £000s	Cash flows £000s	Other non- cash changes £000s	Changes in market value and exchange rates £000s	31 May 2021 £000s
Cash at bank and in hand	14,261	6,506	-	(36)	20,731
Bank overdrafts	(279)	(155)	-	-	(434)
	<u>13,982</u>	<u>6,351</u>	<u>-</u>	<u>(36)</u>	<u>20,297</u>
Bank loans	(4,950)	1,387	-	-	(3,563)
Amounts owed to former members	(634)	634	2,093	-	2,093
	<u>(5,584)</u>	<u>2,021</u>	<u>2,093</u>	<u>-</u>	<u>(1,470)</u>
Net debt (before members' debt)	8,398	8,372	2,093	(36)	18,827
Members' capital classified as a liability	19,878	933	-	-	20,811
Other amounts due to members	25,918	4,476	-	-	30,394
	<u>54,194</u>	<u>13,781</u>	<u>2,093</u>	<u>(36)</u>	<u>70,032</u>

19. TRANSACTIONS WITH RELATED PARTIES

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

The remuneration for key management personnel for the year totalled £3,347,000 (2020: £3,186,000).

20. CONTROLLING PARTY

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