

RIX & KAY SOLICITORS LLP
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
PAGES FOR FILING WITH REGISTRAR

Limited Liability Partnership registration number OC330614 (England and Wales)

Plummer Parsons ✓
CHARTERED ACCOUNTANTS & STATUTORY AUDITOR

RIX & KAY SOLICITORS LLP

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RIX & KAY SOLICITORS LLP

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Non-current assets					
Property, plant and equipment	4		1,045,891		1,146,777
Investments	5		23,410		23,410
			<u>1,069,301</u>		<u>1,170,187</u>
Current assets					
Trade and other receivables	6	2,374,349		2,377,739	
Cash and cash equivalents		272,215		196,642	
		<u>2,646,564</u>		<u>2,574,381</u>	
Current liabilities	7	(1,532,038)		(1,427,790)	
Net current assets			<u>1,114,526</u>		<u>1,146,591</u>
Total assets less current liabilities			<u>2,183,827</u>		<u>2,316,778</u>
Non-current liabilities	8	(1,205,580)		(1,321,136)	
Provisions for liabilities	11	(39,400)		(119,400)	
Net assets attributable to members			<u><u>938,847</u></u>		<u><u>876,242</u></u>
Represented by:					
Loans and other debts due to members within one year	14				
Amounts due in respect of profits			188,847		(23,758)
Other amounts			115,000		115,000
			<u>303,847</u>		<u>91,242</u>
Members' other interests	14				
Members' capital classified as equity			635,000		785,000
			<u>938,847</u>		<u>876,242</u>

The members of the limited liability partnership have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2023 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.

The members acknowledge their responsibilities for complying with the requirements of the Act (as applied to limited liability partnerships) with respect to accounting records and the preparation of accounts.

These financial statements have been prepared and delivered in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships regime.

RIX & KAY SOLICITORS LLP

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2023

The financial statements were approved by the members and authorised for issue on 18 December 2023 and are signed on their behalf by:

Mr R A J Cripps
Designated member

Limited Liability Partnership registration number OC330614 (England and Wales)

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Limited liability partnership information

Rix & Kay Solicitors LLP ("the LLP") is a firm of solicitors providing legal services.

The LLP is a limited liability partnership incorporated and domiciled in England and Wales under the Limited Liability Partnerships Act 2000. The registered office is The Courtyard, River Way, Uckfield, East Sussex, TN22 1SL.

1.1 Accounting convention

Statement of compliance

These financial statements have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Ireland" ("FRS 102").

The financial statements are also prepared in accordance the Companies Act 2006, as applicable to companies subject to the small companies regime, as applied to limited liability partnerships by the Limited Liability Partnerships (Account and Audit)(Application of Companies Act 2006) Regulations 2008, and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" ("SORP") issued on 14 December 2018.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the LLP's accounting policies.

The principal accounting policies applied in the preparation of these financial statements are set out below and on the following pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Going concern

The LLP meets its day-to-day working capital requirements through bank overdraft and loan facilities. The LLP's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the LLP should be able to operate within the level of its current facilities. After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts chargeable to clients for professional services provided during the year net of discounts and value added taxes. Revenue is recognised on an individual engagement basis when the amount can be reliably measured and it is probable that the consideration is recoverable.

When the outcome cannot be reliably estimated, revenue is recognised only to the extent of the costs recognised that are recoverable. The cost recognised includes staff salary costs and costs reimbursable to clients together with an appropriate proportion of overheads based on normal activity levels but excludes any valuation of members' time.

Revenue includes the value of billable hours worked (billed or unbilled) in the reporting year. The value of billable hours worked is based on the worked hour in the reporting year at respective billing rates, reduced as required for any irrecoverable amounts. Revenue is recognised for all amounts billed whether collected or not. Revenue for the value of billable hours worked but not billed is included as unbilled revenue.

Revenue in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs and collectability of the fee is probable.

Costs in respect of contingent fee engagements are written off to the income statement as incurred until the contingent event occurs and recovery of the fee is probable. However, where there is a minimum fee, the lower of the expense recognised and the minimum fee is included in amounts recoverable on contracts.

Unbilled revenue

Unbilled revenue is computed based on unbilled revenue hours charges as at the reporting date at respective standard billing rates, less any provision for impairment.

1.4 Property, plant and equipment

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation and residual values

Land is not depreciated. Depreciation on other assets is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as per the following table.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Freehold buildings	1% straight line
Land and buildings leasehold	Straight line over the period of the lease
Fixtures, fittings & equipment	25% reducing balance
Computer hardware & software	33% straight line

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included in 'Operating profit'.

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Investments in unquoted equity instruments are measured at costs as no market exists in order to value them.

1.6 Impairment of non-current assets

At each reporting period end date, the LLP reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the LLP estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments' to its financial instruments.

Basic financial instruments are recognised in the LLP's statement of financial position when the LLP becomes party to the contractual provisions of the instrument.

Basic financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the LLP transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Basic 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 LLP after deducting all of its liabilities.

Basic financial liabilities, including other creditors and borrowings, bank loans and overdrafts that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The LLP does not have 'Other Financial Assets' and 'Other Financial Liabilities'.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the LLP's obligations expire or are discharged or cancelled.

1.9 Provisions

Provisions are recognised when the limited liability partnership has a legal or constructive present obligation as a result of a past event, it is probable that the limited liability partnership 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.10 Employee benefits

The LLP provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the LLP in independently administered funds.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 Retirement benefits and post retirement payments to members

A provision in respect of annuities is recognised when the member obtains a right to the annuity, which the LLP has no discretion to withhold. The value of the provision is based on the best estimate of the current value of future cash flows. The provision is recalculated at each reporting date to take account of changes in membership, eligibility for post-retirement payments and financial estimates.

Amounts recognised in respect of current members are charged to the Statement of Comprehensive Income within 'Members' remuneration charged as an expense' and charges in respect of former members are expensed in 'Administrative expenses'.

The provision for post-retirement payments to, or in respect of current members, is shown as a component of 'Loans and other debts due to members' and in respect of former members is shown in 'Provisions for liabilities' or 'Liabilities' as appropriate.

In the year in which a member retires, a transfer is made between the balance in respect of current members and the balance in respect of former members.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

The financial statements are presented in the currency of the primary economic environment in which the LLP operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in pound sterling (£).

1.14 Taxation

Income tax payable on the LLP's profits is the personal liability of the individual members and is not provided for in these financial statements. A retention is made from members' profits to fund payments of such tax and these retentions are contained within their undrawn profits balance and are reflected in "Loans and other debts due to members" within members' interests.

1.15 Members' remuneration

Remuneration is paid to certain members on a fixed share basis with variable bonuses based on personal or team performance as a first allocation of profits. Other members share in the balance of profit for the year, sharing the risks and rewards according to profit sharing ratios that are determined from time to time. These profits are treated as members' remuneration and charged as an expense to the profit and loss account as detailed in the Members' Report.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average number of persons (excluding members) employed by the LLP during the year was 73 (2022 - 78).

	2023 Number	2022 Number
Total	73	78

4 Property, plant and equipment

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2022	1,167,654	1,354,219	2,521,873
Additions	-	10,348	10,348
Disposals	-	(38,286)	(38,286)
At 31 March 2023	1,167,654	1,326,281	2,493,935
Depreciation and impairment			
At 1 April 2022	180,855	1,194,241	1,375,096
Depreciation charged in the year	11,230	100,004	111,234
Eliminated in respect of disposals	-	(38,286)	(38,286)
At 31 March 2023	192,085	1,255,959	1,448,044
Carrying amount			
At 31 March 2023	975,569	70,322	1,045,891
At 31 March 2022	986,799	159,978	1,146,777

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Property, plant and equipment

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £31,351 (2022 - £46,728) for the year.

	2023 £	2022 £
Computer hardware & software	-	31,351
	-	31,351

Freehold land and buildings with a carrying amount of £975,569 (2022 - £986,801) have been pledged as security for the LLP's bank loans.

5 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	4	4
Other investments other than loans	23,406	23,406
	23,410	23,410

Shares in group undertakings, in two dormant subsidiaries, are held at cost. Other investments are minority shares held in unquoted equity instruments, there is no available information for the fair value of this holding to be determined and therefore held at costs less impairments.

6 Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	1,036,485	1,125,756
Gross amounts owed by contract customers	925,334	892,367
Other receivables	29,033	29,643
Prepayments and accrued income	383,497	329,973
	2,374,349	2,377,739

Trade receivables are stated after provisions of £257,993 (2022 - £170,127).

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Current liabilities

		2023 £	2022 £
Bank loans	9	624,956	719,375
Obligations under finance leases	10	25,216	38,335
Other borrowings	9	164,891	74,946
Trade payables		142,936	118,454
Other taxation and social security		292,148	286,331
Other payables		59,256	70,346
Accruals and deferred income		222,635	120,003
		<u>1,532,038</u>	<u>1,427,790</u>

Other borrowings represent amounts due to former members in respect of their prior loans and capital. Other payables include annuity payments to former members. Both are repayable by instalments over a period of five years.

8 Non-current liabilities

	Notes	2023 £	2022 £
Bank loans and overdrafts	9	769,987	898,464
Obligations under finance leases	10	2,620	26,389
Other borrowings	9	342,973	316,283
Other payables		90,000	80,000
		<u>1,205,580</u>	<u>1,321,136</u>

Other borrowings represent amounts due to former members in respect of their prior loans and capital. Other payables represent annuity payments to former members. Both are repayable by instalments over a period of five years.

Creditors which fall due after five years are as follows:

	2023 £	2022 £
Payable by instalments	-	309,151
	<u>-</u>	<u>309,151</u>

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Borrowings

	2023 £	2022 £
Bank loans	1,394,943	1,617,839
Other loans	507,864	391,229
	<u>1,902,807</u>	<u>2,009,068</u>
Payable within one year	789,847	794,321
Payable after one year	<u>1,112,960</u>	<u>1,214,747</u>

The bank loans and overdrafts are secured against the assets of the LLP. They represent amounts due to members of Barclays Bank PLC totalling £996,787 (2022 - £1,188,911 with RBS group)

The bank loans are repayable by instalments with remaining terms ranging from 1 year to 5 years at both fixed and variable interest rates ranging from 1.5% to 3.4% over base/libor rate respectively.

10 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	26,216	38,335
Within two and five years	2,620	26,390
	<u>28,836</u>	<u>64,725</u>

Finance lease payments represent rentals payable by the LLP for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-4 years. All leases are on a fixed repayment basis and although one arrangement has an agreement for contingent rental payments starting in December 2023 it is expected that the LLP will opt to purchase.

11 Provisions for liabilities

	2023 £	2022 £
Property dilapidations	9,400	9,400
Professional indemnity obligations	30,000	110,000
	<u>39,400</u>	<u>119,400</u>

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Provisions for liabilities

(Continued)

Movements on provisions:

	Property dilapidations £	Professional indemnity obligations £	Total £
At 1 April 2022	9,400	110,000	119,400
Additional provisions in the year	-	15,000	15,000
Utilisation of provision	-	(95,000)	(95,000)
At 31 March 2023	9,400	30,000	39,400

The provision against known professional indemnity obligations results from a small number of historical claims which are likely to crystallise. The amount is determined by our best estimate of the expected outflows and timing. There is uncertainty as to when matters will settle and we are guided by the insurers as to the quantum to be provided for on each claim.

12 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	147,034	158,856

The LLP operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

13 Loans and other debts due to members

In the event of a winding up, £115,000 of the Amounts due to members, included in 'Loans and other debts due to members', are secured by debentures and will rank ahead of unsecured creditors. The balance of loans and other amounts owed to members in respect of profits will rank equally with unsecured creditors. Members can only reduce 'Members' other interests' by equal reductions over 5 years or by agreement of the Strategic Board.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Reconciliation of Members' Interests

	EQUITY	DEBT		TOTAL
	Members' other interests	Loans and other debts due to members less any amounts due from members in debtors	Total	MEMBERS' INTERESTS
	Members' capital (classified as equity)	Other amounts		Total 2023
	£	£	£	£
Amounts due to members		91,242		
Members' interests at 1 April 2022	785,000	91,242	91,242	876,242
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	799,659	799,659	799,659
Profit for the financial year available for discretionary division among members	-	-	-	-
Members' interests after loss and remuneration for the year	785,000	890,901	890,901	1,675,901
Repayments of capital	(19,000)	-	-	(19,000)
Reclassifications	40,000	(40,000)	(40,000)	-
Transfer of former members' funds to liabilities	(171,000)	(49,323)	(49,323)	(220,323)
Drawings	-	(497,731)	(497,731)	(497,731)
Members' interests at 31 March 2023	635,000	303,847	303,847	938,847
Amounts due to members		303,847		
		303,847		

15 Financial commitments, guarantees and contingent liabilities

Contingent liability - Professional indemnity obligations

There are some historic claims which may result in professional indemnity obligations. There is uncertainty as to whether the matters will result in liability and where this is the case no provision has been made; those which are considered probable have been provided for and details of which can be found in note 11. We are guided by the insurers as to the quantum to be provided for on each claim.

Guarantee - Members capital

At the year end, two members, who are also considered to be related parties, owe £139k in total to Barclays Bank plc as part of their loans which were obtained to assist with the member's capital subscription to the LLP. The LLP has separately entered into an undertaking with the bank to guarantee that when the member becomes an outgoing member, the balance on the loan will be paid to the bank in advance of any residue of capital to the member in line with the members' agreement. Should the loan be defaulted, the LLP would be required to make an immediate payment.

RIX & KAY SOLICITORS LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Operating lease commitments

Lessee

At the reporting end date the LLP had outstanding annual commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

2023	2022
£	£
1,063,943	669,863
<u> </u>	<u> </u>

17 Related party transactions

The Strategic Board represents key management personnel for the purposes of these financial statements and the average number of members on the board is 4 (2022: 4).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.