

## **Brachers LLP**

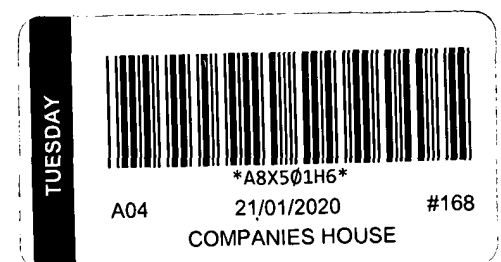
Annual Report

Year Ended

30 April 2019

Registered No: OC336022

Registered in England



# **Brachers LLP**

## **Report and financial statements for the year ended 30 April 2019**

---

### **Contents**

#### **Page:**

1	Members' report
4	Independent auditors' report
6	Consolidated profit and loss account
7	Consolidated statement of comprehensive income
8	Balance sheets
10	Consolidated reconciliation of members' interests
11	Partnership reconciliation of members' interests
12	Consolidated statement of cash flows
13	Notes to the financial statements

---

### **Members**

J P Worby  
J C Sheath  
K Baigent  
S P Alexander  
S K Gaines  
M A Jilani  
C L Daw  
M R Oatham  
J A D Bullock  
M Simmonds  
E A Huseyin (From 1 May 2018)  
M L McNab (From 1 May 2018)  
C Eriksson-Lee (From 1 May 2018)  
J F P Millis (From 1 May 2019)  
C D Smith (From 1 May 2019)

### **Registered office**

Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH

### **Auditors**

Wilkins Kennedy Audit Services Limited, 5<sup>th</sup> Floor, Ashford Commercial Quarter, 1 Dover Place, Ashford, Kent  
TN23 1FB

# **Brachers LLP**

## **Members' report for the year ended 30 April 2019**

---

The members present their report together with the audited financial statements for the year ended 30 April 2019.

### **Principal activity**

The principal activity of Brachers LLP continued to be that of the provision of legal services.

### **Branches outside the United Kingdom**

No branches exist outside the United Kingdom.

### **Trading review**

For the 2018-19 financial year Brachers LLP reports an increase in turnover of 11% with 6 practice areas having growth of over 9%, predominantly driven by business to business work. Expenditure increased by 5% with staff costs and IT investment the main contributors to this but overall Members' profit share charged as an expense of the business increased by 23% to £4.6m, improving on the 18% increase for the 2017-18 Financial Year.

### **Designated members**

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

J C Sheath  
K Baigent  
J P Worby  
S P Alexander  
S K Gaines  
M A Jilani  
C L Daw  
M R Oatham  
J A D Bullock  
M Simmonds  
E A Huseyin (From 1 May 2018)  
M L McNab (From 1 May 2018)  
C Eriksson-Lee (From 1 May 2018)  
J D P Millis (From 1 May 2019)  
C D Smith (From 1 May 2019)

### **Auditors**

Wilkins Kennedy Audit Services Limited have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

# **Brachers LLP**

## **Members' report for the year ended 30 April 2019 (*continued*)**

---

### **Allocation of profits**

Any profits are shared among the members as governed by the Limited Liability Membership Deed dated 1 May 2009.

Members are remunerated solely out of the profits of the Limited Liability Partnership and the final allocation of profits to members is made in accordance with the Membership Deed.

### **Capital**

The members may only contribute to the Limited Liability Partnership's capital in accordance with the Membership Deed.

### **Policy for drawings, subscriptions and repayment of members' capital**

The Membership Deed governs policies for members' drawings, subscriptions and repayment of members' capital.

No drawings or other payments can be made to or on behalf of any members, other than by distribution of profits, without the consent of the members. The firm will reserve, out of profits before distribution, sufficient funds to provide for the working capital requirements of the business.

### **Statement of members' responsibilities**

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare the 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. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and limited liability partnership and of the profit and loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and limited liability partnerships' transactions and disclose with reasonable accuracy at any time the financial position of the group and limited liability partnership and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the group and limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Brachers LLP

## Members' report for the year ended 30 April 2019 (*continued*)

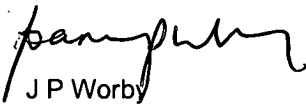
---

### Statement of disclosure to auditors

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information.

### On behalf of the members



J P Worby  
Designated member

Date: 17.1.2020

# Brachers LLP

## Independent auditors' report

---

### To the Members of Brachers LLP

#### Opinion

We have audited the group and parent limited liability partnership financial statements (the "financial statements") of Brachers LLP for the year ended 30 April 2019 set out on pages 6 to 29 which comprise the Consolidated Statement of Total Comprehensive Income, Group and Parent Balance Sheets, Reconciliation of Members' Interests, Consolidated Statement of Cash Flows and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

# Brachers LLP

## Independent auditors' report (*continued*)

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

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

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

### Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page two, 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 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 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 limited liability partnership's or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

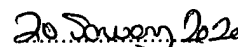
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditors' 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

  
Robert Reynolds (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy Audit Services



Statutory Auditor

5<sup>th</sup> Floor  
Ashford Commercial Quarter  
1 Dover Place  
Ashford  
Kent  
TN23 1FB

# Brachers LLP

## Consolidated profit and loss account for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
<b>Turnover</b>	3	15,020	13,504
Administrative and establishment expenses		(10,435)	(9,783)
<b>Operating profit</b>	4	4,585	3,721
Interest receivable	8	69	67
Interest payable	9	(56)	(74)
<b>Profit for the financial period before members' remuneration and profit shares</b>		4,598	3,714
<b>Profit for the financial period before members' remuneration and profit shares</b>		4,598	3,714
Members' profit share charged as an expense	6	(4,598)	(3,714)
<b>Result for the financial period available for discretionary division among the members</b>		-	-

All amounts relate to continuing activities.

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

## Consolidated statement of total comprehensive income for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Profit for the financial period available for discretionary division among members		4,598	3,714
Other comprehensive income:			
Movement in unrecognised defined benefit pension scheme asset	19	(84)	(81)
<b>Total comprehensive income for the year</b>		<u>4,514</u>	<u>3,633</u>

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

Balance sheets at 30 April 2019

Company number: OC336022

	Note	Group		Limited Liability Partnership	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Fixed assets</b>					
Intangible assets	10	12	25	12	25
Tangible assets	11	99	20	99	20
Investments	12	102	102	352	352
		<u>213</u>	<u>147</u>	<u>463</u>	<u>397</u>
<b>Current assets</b>					
Debtors	15	5,990	5,841	5,979	5,851
Cash at bank and in hand		1,589	1,142	1,445	1,018
		<u>7,579</u>	<u>6,983</u>	<u>7,424</u>	<u>6,869</u>
<b>Creditors: amounts falling due within one year</b>	17	(2,243)	(2,655)	(2,388)	(2,800)
<b>Net current assets</b>		<u>5,336</u>	<u>4,328</u>	<u>5,036</u>	<u>4,069</u>
<b>Total assets less current liabilities</b>		<u>5,549</u>	<u>4,475</u>	<u>5,499</u>	<u>4,466</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(126)	(201)	(126)	(201)
<b>Net assets excluding pension surplus/ (deficit) attributable to members</b>		<u>5,423</u>	<u>4,274</u>	<u>5,373</u>	<u>4,265</u>
<b>Defined benefit pension surplus/ (deficit)</b>	19	-	-	-	-
<b>Net assets attributable to members</b>		<u><u>5,423</u></u>	<u><u>4,274</u></u>	<u><u>5,373</u></u>	<u><u>4,265</u></u>

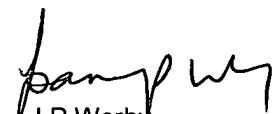
The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

Balance sheets at 30 April 2019 (continued)

Company number: OC336022		Group		Limited Liability Partnership	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Members' capital classified as a liability		2,229	1,921	2,229	1,921
Members' current accounts		3,194	2,353	3,144	2,344
Other reserves		-	-	-	-
<b>Total members' interests</b>		<b>5,423</b>	<b>4,274</b>	<b>5,373</b>	<b>4,265</b>
<b>Total members' interests</b>					
Loans and other debts due to members	20	5,423	4,274	5,373	4,265
		<b>5,423</b>	<b>4,274</b>	<b>5,373</b>	<b>4,265</b>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 17 January 2020.

  
 J P Worby  
 Designated member

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

## Consolidated reconciliation of members' interests for the year ended 30 April 2019

	DEBT			Total members' interests
	Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital (classified as debt) £'000	Current accounts £'000	Other amounts £'000	Total £'000
Balance at 1 May 2017	2,078	1,967	-	4,045
Members' remuneration charged as an expense including employment and retirement benefit costs	-	3,714	-	3,714
Other comprehensive income	-	(81)	-	(81)
Members' interests after profit for the year	2,078	5,600	-	7,678
Drawings	-	(3,003)	-	(3,003)
Capital amounts introduced by members	147	-	-	147
Repayment of capital	(381)	(244)	-	(625)
Reserves transfers made	77	-	-	77
Amounts due to members	1,921	2,353	-	4,274
Balance at 1 May 2018	1,921	2,353	-	4,274
Members' remuneration charged as an expense including employment and retirement benefit costs	-	4,598	-	4,598
Other comprehensive income	-	(84)	-	(84)
Members' interests after profit for the year	1,921	6,867	-	8,788
Drawings	-	(3,673)	-	(3,673)
Capital amounts introduced by members	308	-	-	308
Repayment of capital	-	-	-	-
Reserves transfers made	-	-	-	-
Amounts due to members	2,229	(3,673)	-	5,423
Balance at 30 April 2019	2,229	3,194	-	5,423

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

## Limited Liability Partnership reconciliation of members' interests for the year ended 30 April 2019

	DEBT			Total members' interests
	Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital (classified as debt) £'000	Current accounts £'000	Other amounts £'000	Total £'000
<b>Balance at 1 May 2017</b>	<b>2,078</b>	<b>1,911</b>	-	<b>3,989</b>
Members' remuneration charged as an expense including employment and retirement benefit costs	-	3,709	-	3,709
Other comprehensive income	-	(81)	-	(81)
<b>Members' interests after profit for the year</b>	<b>2,078</b>	<b>5,539</b>	-	<b>7,617</b>
Drawings	-	(2,947)	-	(2,947)
Capital amounts introduced by members	147	-	-	147
Repayment of capital	(381)	(249)	-	(630)
Reserves transfers made	77	-	-	77
<b>Amounts due to members 30 April 2018</b>	<b>1,921</b>	<b>2,343</b>	-	<b>4,264</b>
<b>Balance at 1 May 2018</b>	<b>1,921</b>	<b>2,343</b>	-	<b>4,264</b>
Members' remuneration charged as an expense including employment and retirement benefit costs	-	4,547	-	4,547
Other comprehensive income	-	(84)	-	(84)
<b>Members' interests after profit for the year</b>	<b>1,921</b>	<b>6,806</b>	-	<b>8,727</b>
Drawings	-	(3,662)	-	(3,662)
Capital amounts introduced by members	308	-	-	308
Repayment of capital	-	-	-	-
Reserves transfers made	-	-	-	-
<b>Amounts due to members</b>	<b>2,229</b>	<b>3,144</b>	-	<b>5,373</b>
<b>Balance at 30 April 2019</b>	<b>2,229</b>	<b>3,144</b>	-	<b>5,373</b>

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

## Consolidated statement of cash flows for the year ended 30 April 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	23		4,290		3,562
Interest paid			(56)		(74)
Pension contributions paid			(84)		(87)
<b>Net cash inflow from operating activities</b>			4,150		3,401
<b>Investing activities</b>					
Purchase of intangible fixed assets		-		-	
Purchase of tangible fixed assets		(119)		(6)	
Interest received		69		70	
<b>Net cash generated from investing activities</b>			(50)		64
<b>Financing activities</b>					
Transactions with members:					
Capital introduced by members		308		147	
Capital repaid to members		-		(380)	
Other payments to members		(3,673)		(3,003)	
Transactions with non-members:					
Repaid to former partners		(190)		(165)	
Repayment of borrowings		(83)		(369)	
Additional borrowings during the year		-		250	
Repayment of bank loans		(15)		-	
<b>Net cash generated from financing activities</b>			(3,653)		(3,520)
<b>Net increase/(decrease) in cash and cash equivalents</b>			447		(55)
Cash and cash equivalents at beginning of year			1142		1,197
<b>Cash and cash equivalents at end of year</b>			1,589		1,142
<b>Relating to:</b>					
Cash at bank and in hand			1,589		1,142
Bank overdrafts included in creditors payable within one year			-		-

The notes on pages 13 to 29 form part of these financial statements

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019

---

### 1 Accounting policies

#### Limited liability partnership information

Brachers LLP is a limited liability partnership domiciled and incorporated in England and Wales. The registered office and principal place of business is Somerfield House, 59 London Road, Maidstone, Kent, ME16 8JH.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below:

#### 1.3 Basis of consolidation

The consolidated financial statements incorporate those of the Limited Liability Partnership and all of its active subsidiary undertakings. The financial statements of the trading subsidiary are made up to 30 April each year. The subsidiary is fully consolidated using acquisition accounting from the effective date of acquisition and up to the effective date of disposal, as appropriate.

#### 1.4 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Turnover, revenue recognition and amounts recoverable on contracts

Fee income represents the amounts recoverable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time. Turnover is recognised by reference to an assessment of the fair value of services performed at the balance sheet date as a proportion of the total value of the engagement. Services provided during the year to clients, that at the balance sheet date have not yet been billed, are recognised as turnover.

Payments received on account of work done are deducted from gross unbilled debtors. Payments received on account in excess of the carrying value of the relevant work in progress are included in creditors.

Fee income in respect of contingent fee assignments is recognised in the period when the contingent event occurs and the collectability of the fee is assured.

Unbilled fee income on individual assignments is included as amounts recoverable on contracts within debtors.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

---

### 1 Accounting policies

#### 1.6 Members' participating interests

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

Salaries agreed to be paid to members, through an employment contract, are treated as an expense in the profit and loss account to reflect the right the members have to this remuneration because the LLP has no right to refuse payment.

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

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The policy for the level and timing of the drawings is determined by the Management Board and takes into account the LLP's cash requirements for operating and investment activities. The drawings represent payments on account of current year profits and may be reclaimable from members until profits have been allocated.

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

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

#### 1.7 Intangible fixed assets

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is up to 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

### 1 Accounting policies

#### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

IT equipment	-	33.3%
Furniture and fittings	-	20.0%
Motor vehicles	-	20.0%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.9 Fixed asset 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.

A subsidiary is an entity controlled by the limited liability partnership. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.10 Impairment of fixed assets

At each reporting end date, the limited liability partnership reviews the carrying amounts of its tangible and intangible 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 limited liability partnership 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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents 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 creditors in current liabilities.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

---

### 1 Accounting policies

#### 1.12 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

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.

##### **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 publically 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 profit or loss.

##### **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 limited liability partnership 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 assets**

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 limited liability partnership after deducting all of its liabilities.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 1 Accounting policies

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow limited liability partnership companies and preference shares 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.

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. Accounts 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.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits and post retirement payments to members**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The LLP has no obligation to make any payments to members after they retire from the LLP. On retirement a members' capital and current account are paid in accordance with an agreed payment schedule.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 1 Accounting policies

#### 1.15 Operating leases: lessee

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.

#### 1.16 Taxation

The taxation payable on the limited liability partnership profits is the personal liability of the members during the year and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for members' personal tax liabilities are treated in the same way as other profits of the partnership and so are included in "Members interests" or in "Loans and other debts due to members" depending on whether an allocation of profits has occurred.

### 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.

The group makes an assessment of the recoverable value of trade and other debtors. When assessing impairment the group considers factors such as historical experience and credit rating.

The group makes an assessment of valuation of amounts recoverable on contracts. When assessing the valuation the group considers the work type, historical recoverability levels and the credit risk associated with the client.

### 3 Turnover

Fee income is wholly attributable to the principal activity of the limited liability partnership and arises solely within the United Kingdom.

Other significant revenue	2019	2018
Interest income	69	70

### 4 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging:		
Auditors remuneration – As auditor	25	25
Auditors remuneration – For other services	16	16
Amortisation of intangible fixed assets	13	13
Depreciation of owned tangible fixed assets	40	50
Operating lease rentals - Plant and machinery	64	60
Operating lease rentals – Property	287	287
Operating leases rentals – Other	13	13

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 5 Employees

The average number of persons employed by the group during the year was:

	2019 Number	2018 Number
Solicitors/fee earners	96	94
Administrative and support staff	87	89
	<hr/>	<hr/>
Total	183	183
	<hr/>	<hr/>
Staff costs for the above persons:		
	2019 £'000	2018 £'000
Wages and salaries	6,093	5,855
Social security costs	616	620
Pension costs	239	239
	<hr/>	<hr/>
	6,948	6,714
	<hr/>	<hr/>

### 6 Members' remuneration

	2019 Number	2018 Number
The average number of members during the year was	13	10
	<hr/>	<hr/>
	2019 £'000	2018 £'000
Profit attributable to the member with the highest entitlement	405	378
	<hr/>	<hr/>
	2019 £'000	2018 £'000
Remuneration charged as an expense	4,598	3,714
	<hr/>	<hr/>
	2019 £'000	2018 £'000
The average member remuneration was	353	331
	<hr/>	<hr/>

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

### 7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding entity's profit and loss accounts has not been included in these financial statements. The profit for the financial year dealt with in the accounts of the holding entity, Brachers LLP, is as follows:

	2019 £'000	2018 £'000
Holding entity's profit for the financial year	4,547	3,709

### 8 Interest receivable and similar income

	2019 £'000	2018 £'000
<b>Interest income</b>		
Interest on bank deposits	69	70
Other interest income (see note 19)	-	(3)
	69	67

### 9 Interest payable and similar charges

	2019 £'000	2018 £'000
<b>Interest payable</b>		
Interest on bank overdrafts and loans	56	74
	56	74

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

### 10 Intangible fixed assets

#### Group and Limited Liability Partnership

	Goodwill £'000	Total £'000
<i>Cost</i>		
At 1 May 2018	64	64
Additions	-	-
	<hr/>	<hr/>
<b>At 30 April 2019</b>	<b>64</b>	<b>64</b>
	<hr/>	<hr/>
<i>Amortisation and impairment</i>		
At 1 May 2018	39	39
Amortisation charged for the year	13	13
	<hr/>	<hr/>
<b>At 30 April 2019</b>	<b>52</b>	<b>52</b>
	<hr/>	<hr/>
<i>Carrying amount</i>		
<b>At 30 April 2019</b>	<b>12</b>	<b>12</b>
	<hr/>	<hr/>
At 30 April 2018	25	25
	<hr/>	<hr/>

Goodwill arose on the acquisition of Watson Nevill in May 2015.

# Brachers LLP

Notes forming part of the financial statements  
for the year ended 30 April 2019 (*continued*)

## 11 Tangible fixed assets

### Group and Limited Liability Partnership

	IT equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>				
At 1 May 2018	1,589	588	10	2,187
Additions	55	64	-	119
<b>At 30 April 2019</b>	<b>1,644</b>	<b>652</b>	<b>10</b>	<b>2,306</b>
<i>Depreciation and impairment</i>				
At 1 May 2018	1,585	572	10	2,167
Provided for in the period	19	21	-	40
<b>At 30 April 2019</b>	<b>1,604</b>	<b>593</b>	<b>10</b>	<b>2,207</b>
<i>Net book value</i>				
<b>At 30 April 2019</b>	<b>40</b>	<b>59</b>	<b>-</b>	<b>99</b>
At 30 April 2018	4	16	-	20

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 12 Fixed asset investments

		Group		Limited Liability Partnership	
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investments in subsidiaries	13	-	-	250	250
Unlisted investments		102	102	102	102
		<u>102</u>	<u>102</u>	<u>352</u>	<u>352</u>

The unlisted investment represents an 8% interest in the ordinary share capital of Meridies Insurance Company Limited.

### 13 Subsidiaries

Brachers LLP controls more than 20% of the following undertakings which were all engaged in the business of providing professional services and advice:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% held Direct
<b>Subsidiary undertakings</b>				
Kent HR LLP	England and Wales	Provision of professional services and advice	N/A	100
Brachers Trust Corporation Ltd	England and Wales	Provision of professional services and advice	Ordinary	100
<b>Associated undertakings</b>				
Brachers Wealth Management LLP	England and Wales	Provision of financial services and advice	N/A	50

In the opinion of the members the aggregate value of the investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The results of the subsidiary undertakings are included in the consolidated financial statements prepared by Brachers LLP. The results of the associated undertaking are not included in the consolidated financial statements on the grounds of materiality.

The principal place of business of Brachers Wealth Management LLP was dissolved on 19 November 2019.

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 14 Financial instruments

	Group		Limited Liability Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	4,925	4,594	4,769	4,468
Equity instruments measured at cost less impairment	102	102	352	352
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	2,013	2,174	2,161	2,319
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 15 Debtors

	Group		Limited Liability Partnership	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	3,335	3,452	3,323	3,450
Amounts recoverable on contracts	1,354	1,098	1,354	1,098
Other debtors	1,301	1,291	1,295	1,291
Amounts due from fellow group undertakings	-	-	7	12
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	5,990	5,841	5,979	5,851
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

All amounts shown under debtors fall due for payment within one year.

# Brachers LLP

Notes forming part of the financial statements  
for the year ended 30 April 2019 (*continued*)

## 16 Loans and overdrafts

Group and Limited Liability Partnership	2019 £'000	2018 £'000
Bank loans	30	45
Bank overdrafts	-	-
Other loans	-	83
	<u>32</u>	<u>128</u>
Payable within one year	30	98
Payable between two and five years	-	30
	<u></u>	<u></u>

The bank loan is secured on the assets owned by the partnership.

## 17 Creditors: amounts falling due within one year

	Group		Limited Liability Partnership	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans (secured)	15	14	15	-
Bank overdrafts	-	-	-	-
Amounts due to group undertaking	-	-	2	2
Amounts due to former members	52	183	52	183
Other loans	-	83	-	98
Trade creditors	640	653	640	653
Taxation and social security	571	682	571	682
Other creditors	691	664	840	814
Deferred Income (Advance Fee Billing)	274	376	268	368
	<u>2,243</u>	<u>2,655</u>	<u>2,388</u>	<u>2,800</u>

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

### 18 Creditors: amounts falling due after more than one year

Group and Limited Liability Partnership	2019 £'000	2018 £'000
Bank loans (secured)	15	31
Amounts due to former members	111	170
Other loans	-	-
	<u>126</u>	<u>201</u>

### 19 Retirement benefit schemes

#### Defined benefit schemes

##### Group and Limited Liability Partnership

The group operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 30 April 2015 and updated to 30 April 2019 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a deficit of £24,000. The group had agreed with the trustees that it will aim to eliminate the deficit over a period of 4 months from 30 April 2015 by the payment of monthly contributions of £7,000, which the group achieved. In addition and in accordance with the actuarial valuation, the group has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

<i>Key assumptions</i>	2019 %	2018 %
Discount rates	2.5	2.7
CPI Inflation	2.6	2.4
Revaluation of deferred pensions	2.6	2.4

<i>Mortality assumptions</i>	2019 %	2018 %
Assumed life expectations on retirement at age 65:		
Retiring today:		
- Males	21.7	22.1
- Females	23.6	24.1
Retiring in 20 years:		
- Males	23.4	23.9
- Females	25.5	25.9

Amounts recognised in the profit and loss account:

	2019 £'000	2018 £'000
Net interest on defined liability/(asset)	-	3

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 19 Retirement benefit schemes (continued)

Amounts taken to other comprehensive income:

	2019 £'000	2018 £'000
Actuarial gain/(loss) on defined benefit obligation	(3)	92
Return on plan assets (excluding amounts in net interest)	104	(165)
Movement in unrecognised plan surplus	(185)	(11)
	<hr/>	<hr/>
Total cost	(84)	(84)
	<hr/>	<hr/>

The amounts included in the balance sheet arising from the group's obligations in respect of defined benefit plans are as follows:

	2019 £'000	2018 £'000
Present value of defined benefit obligations	2,498	2,536
Fair value of plan assets	(2,700)	(2,551)
	<hr/>	<hr/>
Surplus in scheme	(202)	(15)
Asset not recognised due to asset ceiling	202	15
	<hr/>	<hr/>
Total (asset)/liability recognised	-	-
	<hr/>	<hr/>

Movements in the present value of defined benefit obligations:

	2019 £'000
Liabilities at 1 May 2018	2,536
Benefits paid	(108)
Interest cost	67
Actuarial loss on liabilities	3
	<hr/>
Liabilities at 30 April 2019	2,498
	<hr/>

The defined benefit obligations arise from plans funded as follows:

	2019 £'000
Wholly unfunded obligations	-
Wholly or partly funded obligations	2,498
	<hr/>
	2,498
	<hr/>

# Brachers LLP

## Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

### 20 Loans and other debts due to members

	Group		Limited Liability Partnership	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Analysis of loans</b>				
Amounts falling due within one year	5,423	4,274	5,373	4,265

Capital is repayable in accordance with the terms set out in the Membership Deed.

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank after unsecured creditors.

### 21 Operating lease commitments Lessee

At the reporting date the group and limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £'000	2018 £'000
Operating leases which expire:		
Within one year	423	379
Between two and five years	543	719
More than five years	5	-
Total	971	1,098

### 22 Related party transactions

In the opinion of the members, at 30 April 2019 there is no ultimate controlling party of Brachers LLP, with the members controlling Brachers LLP in accordance with their capital contribution to the business.

The key management remuneration, being the members of the LLP, payable for the year, was £4,598,000 (2018: £3,714,000).

During the year ended 30 April 2019 rent of £270,000 was charged to Brachers LLP by Brachers Property LLP, a partnership which has some designated members in common. As at 30 April 2019 Brachers LLP owed Brachers Property LLP £67,500 in respect of the rent (2018: £67,500) and Brachers Property LLP owed Brachers LLP £770,000 (2018: £821,000) with regards to a previous loan.

## Brachers LLP

### Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

#### 23 Cash generated from operations

	2019 £'000	2018 £'000
Profit for the year	4,598	3,714
Adjustments for:		
Finance costs recognised in profit or loss	56	74
Investment income recognised in profit or loss	(69)	(67)
Depreciation and impairment of tangible fixed assets	40	50
Amortisation and impairment of intangible fixed assets	13	13
Movements in working capital:		
(Increase) / decrease in debtors	(149)	(17)
(Decrease) / increase in creditors	(199)	(205)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>4,290</b>	<b>3,562</b>
	<hr/>	<hr/>