Limited Liability Partnership Registration No. OC359888 (England and Wales)

KELTIE LLP

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

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KELTIE LLP

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KELTIE LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	S P Cummings R A Cardas J M Caldwell S S Ahmad A R Gay J S Hopley D J Crease M Macchi R A Lawrence B N Britter M R Moore M J Richardson P J Kent S E Fountain (appointed 1 May 2017) P J Baker (appointed 1 May 2018) L E Kehoe (appointed 1 November 2018)
Limited liability partnership number	OC359888
Registered office	1 London Bridge London SE1 9BA
Auditor	Goodman Jones LLP 29-30 Fitzroy Square London W1T 6LQ

KELTIE LLP

MEMBERS' REPORT
FOR THE YEAR ENDED 30 APRIL 2018

The members present their report and financial statements for the year ended 30 April 2018.

Principal activities
The principal activity of the limited liability partnership (LLP) during the year was that of patent and trade mark attorneys. The principal activity of Cardas Management Services Limited was that of the provision of management services. The principal activity of K2 IP Limited was the provision of services to the intellectual property industry.

The consolidated financial statements comprise the financial statements of the LLP together with its subsidiary undertakings ('the Group').

Results
The Group profit for the year available for distribution to members was £4,453,589 (2017: £3,071,247)

The members consider the performance of the Group to be satisfactory.

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:

S P Cummings
R A Cardas
J M Caldwell
S S Ahmad
A R Gay
J S Hopley
D J Crease
M Macchi
R A Lawrence
B N Britter
M R Moore
M J Richardson
P J Kent
S E Fountain (appointed 1 May 2017)
P J Baker (appointed 1 May 2018)
L E Kehoe (appointed 1 November 2018)

Policy on members' drawings
The members' drawings policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A members' capital contribution is linked to their share of profit and the capital requirements of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital 'at par', so the retiring members are repaid their capital 'at par'.

Auditors
Goodman Jones LLP were appointed as auditor to the Limited Liability Partnership and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditors
So far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the LLP's auditors are aware of that information.

On behalf of the members

D J Crease
Designated member

J S Hopley
Designated member

14/11/18......... 2018

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ('the 2008 Regulations') requires the members to prepare financial statements for each financial year. Under that law, the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 Regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and its Group and of the profit or loss of the Group for that year. In preparing those 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 LLP and its Group will continue in business.

Under the 2008 Regulations, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and its Group and to enable them to ensure that the financial statements comply with those regulations. They are also responsible for safeguarding the assets of the LLP and its Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

Opinion
We have audited the financial statements of Keltie LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group') for the year ended 30 April 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement Of Financial Position, the Statement Of Financial Position, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent limited liability partnership's affairs as at 30 April 2018 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership 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 parent 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 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. 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.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Members' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent limited liability partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' Report.

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

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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 Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 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.

SS Malik

Sarf Malik (Senior Statutory Auditor)
for and on behalf of Goodman Jones LLP
Chartered Accountants
Statutory Auditor

14 November 2018

29-30 Fitzroy Square
London
W1T 6LQ

KELTIE LLP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Revenue	4	18,402,132	16,453,115
Cost of sales		(6,484,526)	(6,328,572)
Gross profit		11,917,606	10,124,543
Administration expenses		(7,397,300)	(6,955,324)
Operating profit	7	4,520,306	3,169,219
Interest payable and similar charges	8	(64,610)	(78,745)
Profit for the financial year before members' remuneration and taxation		4,455,696	3,090,474
Taxation	9	(2,107)	(19,227)
Profit for the financial year before members' remuneration and profit shares		4,453,589	3,071,247
Members' remuneration charged as an expense	6	(4,453,589)	(3,071,247)
Result for the financial year available for discretionary division among members		-	-

KELTIE LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Notes	2018 £	2017 £
Fixed assets			
Other intangible assets	10	102,656	81,998
Total intangible assets		102,656	81,998
Tangible assets	12	739,538	774,002
		842,194	856,000
Current assets			
Debtors due within one year	14	5,316,010	5,098,169
Debtors due after more than one year	14	409,164	409,164
Total debtors	14	5,725,174	5,507,333
Cash at bank and in hand		753,003	557,049
		6,478,177	6,064,382
Creditors: amounts falling due within one year	16	(3,531,347)	(3,697,823)
Net current assets		2,946,830	2,366,559
Total assets less current liabilities		3,789,024	3,222,559
Creditors due after more than one year	18	(261,492)	(495,176)
Provisions for liabilities	22	(250,000)	(250,000)
Net assets attributable to members		3,277,532	2,477,383
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		1,750,000	1,750,000
Other amounts		1,527,532	727,383
		3,277,532	2,477,383
Total members' interests			
Amounts due to members		3,277,532	2,477,383
		3,277,532	2,477,383

The financial statements were approved by the members and authorised for issue on 14 Nov 2018 and are signed on its behalf by:

D J Crease
Designated member

J S Hopley
Designated member

KELTIE LLP

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	Notes	2018 £	2017 £
Fixed assets			
Other intangible assets	10	102,656	81,998
Investments	11	91	98
Total intangible assets		102,747	82,096
Tangible assets	13	726,857	774,002
		829,604	856,098
Current assets			
Debtors due within one year	15	5,172,011	4,991,849
Debtors due after more than one year	15	409,164	409,164
Total debtors	15	5,581,175	5,401,013
Cash at bank and in hand		612,172	497,080
		6,193,347	5,898,093
Creditors: amounts falling due within one year	17	(3,299,626)	(3,641,712)
Net current assets		2,893,721	2,256,381
Total assets less current liabilities		3,723,325	3,112,479
Creditors due after more than one year	18	(261,492)	(495,176)
Provisions for liabilities	22	(250,000)	(250,000)
Net assets attributable to members		3,211,833	2,367,303
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		1,750,000	1,750,000
Other amounts		1,461,833	617,303
		3,211,833	2,367,303
Total members' interests			
Amounts due to members		3,211,833	2,367,303
		3,211,833	2,367,303

As permitted by section 408 Companies Act 2006, as applied to limited liability partnerships, the LLP has not presented its own statement of comprehensive income. The LLP's profit for the financial year before members' remuneration and profit shares was £4,441,848 (2017: £3,003,626).

The financial statements were approved by the members and authorised for issue on 14 Nov 2018 and are signed on its behalf by:

D J Crease
Designated member

J S Hopley
Designated member

KELTIE LLP

CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 30 APRIL 2018

	DEBT Loans and other debts due to members			Members' interests
	Members' capital £	Other amounts £	Total £	Total £
Amounts due to Members'	1,000,000	977,625	1,977,625	1,977,625
Balance at 30 April 2016	1,000,000	977,625	1,977,625	1,977,625
Members' remuneration charged as an expense	-	3,071,247	3,071,247	3,071,247
Members' interests after profit for the year	1,000,000	4,048,872	5,048,872	5,048,872
Drawings	-	(3,321,489)	(3,321,489)	(3,321,489)
Amounts introduced by members	750,000	-	750,000	750,000
Amounts due to Members	1,750,000	727,383		
Balance at 30 April 2017	1,750,000	727,383	2,477,383	2,477,383
Cardas Management Services Limited Distribution of reserves	-	(48,074)	(48,074)	(48,074)
Keltie Limited Adjustment to reserves	-	(8,048)	(8,048)	(8,048)
Members' remuneration charged as an expense	-	4,453,589	4,453,589	4,453,589
Members' interests after profit for the year	1,750,000	5,124,850	6,874,850	6,874,850
Drawings	-	(3,597,318)	(3,597,318)	(3,597,318)
Amounts due to Members	1,750,000	1,527,532		
Balance at 30 April 2018	1,750,000	1,527,532	3,277,532	3,277,532

Members' capital: Represents the initial capital contribution made by each equity member. A member is not permitted to withdraw any amount credited to their capital account unless authorised to do so by an ordinary resolution; it is therefore treated as a liability.

Other amounts: Represent the undistributed members' remuneration treated as an expense after the deduction of members' drawings.

KELTIE LLP

LIMITED LIABILITY PARTNERSHIP RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 30 APRIL 2018

	DEBT Loans and other debts due to members			Members' interests
	Members' capital £	Other amounts £	Total £	Total £
Amounts due to Members	1,000,000	935,166		
Balance at 30 April 2016	1,000,000	935,166	1,935,166	1,935,166
Members' remuneration charged as an expense	-	3,003,626	3,003,626	3,003,626
Members' interests after profit for the year	1,000,000	3,938,792	4,938,792	4,938,792
Drawings	-	(3,321,489)	(3,321,489)	(3,321,489)
Amounts introduced by Members	750,000	-	750,000	750,000
Amounts due to Members	1,750,000	617,303		
Balance at 30 April 2017	1,750,000	617,303	2,367,303	2,367,303
Members' remuneration charged as an expense	-	4,441,848	4,441,848	4,441,848
Members' interests after profit for the year	1,750,000	5,059,151	6,809,151	6,809,151
Drawings	-	(3,597,318)	(3,597,318)	(3,597,318)
Amounts due to Members	1,750,000	1,461,833		
Balance at 30 April 2018	1,750,000	1,461,833	3,211,833	3,211,833

Members' capital : Represents the initial capital contribution made by each equity member. A member is not permitted to withdraw any amount credited to their capital account unless authorised to do so by an ordinary resolution; it is therefore treated as a liability.

Other amounts: Represent the undistributed members' remuneration treated as an expense after the deduction of members' drawings.

KELTIE LLP

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Operating activities:			
Transactions with non-members:			
Cash generated by operations	23	4,486,758	3,358,668
Interest paid		(64,610)	(78,745)
Income taxes paid		(20,162)	(1,110)
Transactions with members and former members:			
Members' drawings		(3,597,318)	(3,321,489)
Net cash from/(used in) operating activities		804,669	(42,676)
Cash flows from investing activities:			
Transactions with non-members:			
Purchase of intangible assets		(42,816)	(32,858)
Purchase of property, plant and equipment		(159,116)	(19,153)
Net cash from /(used in) investing activities		(201,932)	(52,011)
Net cash flows from financing activities:			
Transactions with non-members:			
Repayment of bank loans		(60,000)	(45,000)
Payments of obligations under finance leases		(151,184)	(150,772)
Transactions with members and non-members:			
Capital introduced by members		-	750,000
Net cash from/(used in) financing activities		(211,184)	554,228
Net increase/(decrease) in cash and cash equivalents		391,553	459,541
Cash and cash equivalents at beginning of the reporting period		361,450	(98,091)
Cash and cash equivalents at end of the reporting period	23	**753,003**	**361,450**

1. LLP information

Keltie LLP ('the LLP') is a limited liability partnership registered in England and Wales. The registered office and principal place of business is 1 London Bridge, London, SE1 9BA.

The Group consists of the LLP and all of its subsidiaries.

The Group's principal activities during the year were those of patent and trade mark attorneys and the provision of management services and other services to the intellectual property industry.

2. Accounting policies

Accounting convention
These financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published July 2014).

The financial statements are prepared in Sterling, which is the functional currency of the LLP and of its Group. Monetary amounts in these financial statements are rounded to the nearest £1.

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

Accounting policies

Consolidation
The consolidated financial statements incorporate those of Keltie LLP and all of its subsidiaries (that is, entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 April 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

LLP statement of comprehensive income
As permitted by section 408 Companies Act 2006, as applied to limited liability partnerships, the LLP has not presented its own statement of comprehensive income. The LLP's profit for the financial year before members' remuneration and profit shares was £4,441,848 (2017: £3,003,626).

2. Accounting policies (continued)

Reduced disclosures

In accordance with FRS 102, the LLP has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' -Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures'- Compensation for key management personnel.

The financial statements of the LLP are consolidated within these financial statements which are publicly available from Companies House.

Going concern
At the time of approving the financial statements, the members have a reasonable expectation that the Group 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 consolidated financial statements. Cardas Management Services Limited was dissolved on 7th August 2018.

Revenue
The revenue shown in the Statement of Comprehensive Income represents fee income receivable during the year, exclusive of Value Added Tax.

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

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). 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.

A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP. Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

2. Accounting policies (continued)

Members' participating interests (continued)
Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities.

They are therefore treated as an expense in the statement of comprehensive income in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the statement of financial position.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the statement of comprehensive income and are equity appropriations in the statement of financial position.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

The LLP divides the profits according to the signed members' agreement.

In the event of winding up, loans and other debts due to members will only be repaid after all other liabilities have been discharged. Cardas Management Services Limited was dissolved on 7th August 2018. The reserves were distributed to the members as dividends.

Loans and other debts due to members are repayable upon approval of accounts, subject to provision for members' tax liabilities to be paid by the LLP, unless the members unanimously vote to defer any payment.

Intangible fixed assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation 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:

Software	6 years straight line

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 provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold Property	Over the period of the lease
Fixtures & Fittings	10 years
Equipment	3 years

2. Accounting policies (continued)

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

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 LLP. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets
An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

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 borrowings in current liabilities.

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

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

2. Accounting policies (continued)

Financial assets

Debtors
Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

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

Financial liabilities and equity

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

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

Creditors
Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

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

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

2. Accounting policies (continued)

Taxation

The taxation payable on the profits of the LLP is a personal obligation of the individual members and as such is not reflected in these financial statements. Therefore, amounts relating to taxation within these financial statements relate to corporation tax arising upon the profits of the LLP's subsidiary undertakings.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2. Accounting policies (continued)

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 stock or 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 LLP is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits and post retirement payments to members

For defined contribution schemes the amounts charged to profit or loss are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all the risks and rewards incidental to ownership ('finance leases'). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. 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.

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

3. Critical accounting estimates and areas of judgement

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Deferred taxation
Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Dilapidations provision
Provisions are made relating to the anticipated costs of returning leased premises back to their original condition as required under the contractual terms of the lease.

Amounts receivable under contracts
Estimates are made on the anticipated recovery of work performed under contracts with customers. Estimates are based upon historical experience and recoveries made since the year end.

Debtors recoverability
Estimates are made relating to the recoverability of receivable balances to reflect unrecoverable amounts due to known defaults, and defaults incurred but not reported at the balance sheet date, which from experience are known to exist.

4. Revenue

	2018	2017
	£	£
The Group's revenue is wholly derived from its principal activities.		
Trade mark	2,785,550	2,977,744
Patent	8,259,618	6,400,172
Disbursements	7,119,426	6,840,040
Other	237,535	235,159
	18,402,132	16,453,115

An analysis of the geographical location of the Group's turnover is as follows:

	2018	2017
UK	9,918,325	8,493,184
Europe	3,069,976	3,373,689
Rest of World	5,413,831	4,586,242
	18,402,132	16,453,115

5. Employees

	2018 No.	2017 No.
The average monthly number of persons (excluding members) employed by the Group during the year was:		
Professional staff	49	31
Support staff	58	52
	106	83

	2018 £	2017 £
Staff costs for the above persons:		
Wages and salaries	4,262,654	3,540,122
Social security costs	444,025	397,072
Other pension costs	145,798	128,021
	4,852,477	4,065,215

6. Members

	2018 No.	2017 No.
The average number of members during the year was:	14	13

	2018 £	2017 £
Members' Group remuneration charged as an expense:		
Payable under the terms of the members' agreement	4,453,589	3,071,247
Average Group profit per member	318,114	236,250

The member with the largest entitlement to profit in 2018 received £501,082 (2017: £330,433).

7. Operating profit

	2018 £	2017 £
Operating profit is stated after charging/(crediting):		
Depreciation of owned tangible assets	118,173	43,374
Depreciation of tangible assets held under finance leases	75,406	75,406
Amortisation of intangible assets	22,159	20,274
Operating lease rentals – land and buildings	587,459	579,648
Exchange gains	(39,223)	70,248

Fees payable to Goodman Jones LLP, Group auditors, in respect of both audit and non-audit services are as follows (2017: Auditors were RSM UK Audit LLP):

	2018 £	2017 £
Statutory audit of parent LLP and consolidated financial statements	12,000	13,000
Statutory audit of subsidiary financial statements	3,000	7,200
All other non-audit services	-	11,400
	15,000	31,600

8. Interest Payable and Similar charges

	2018	2017
	£	£
Bank overdraft interest	9,827	19,119
Loan interest	12,588	14,822
Hire Purchase interest	39,100	41,726
Other finance costs	3,095	3,077
	64,610	78,745

9. Taxation

The taxation arising in relation to the consolidated statement of comprehensive income relates only to the LLP's subsidiary undertakings, as follows:

	2018	2017
	£	£
Current tax		
UK corporation tax	-	19,227
Adjustments in respect of prior periods	(696)	-
Foreign subsidiary corporation tax	2,803	-
Total current tax	2,107	19,227
Total tax on profit on ordinary activities	**2,107**	19,227

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017:19%). The differences are explained below:

	2018	2017
	£	£
Group profit on ordinary activities before tax	4,455,696	3,090,474
Group profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%)	846,582	587,190
Effects of:		
Depreciation in excess of capital allowances	(96)	2,355
Non-deductible expenditure	149	7,365
Income not subject to corporation tax	(842,375)	(574,756)
Utilisation of tax losses brought forward	-	(2,927)
Unutilised tax losses carried forward	-	-
Difference in tax rate	(1,457)	-
Adjustments in respect of prior period	(696)	-
Tax expense/(credit)	2,107	19,227

10. Intangible fixed assets – Group

	Software £
Cost:	
At 1 May 2017	169,925
Additions	42,816
Disposal – Cardas Management Services Limited	(66,983)
At 30 April 2018	145,759
Amortisation:	
At 1 May 2017	87,927
Charge for the year	22,159
Disposal – Cardas Management Services Limited	(66,983)
At 30 April 2018	43,103
Net book value:	
At 30 April 2018	102,656
At 30 April 2017	81,998

Intangible fixed assets – LLP	Software £
Cost:	
At 1 May 2017	102,943
Additions	42,816
At 30 April 2018	145,759
Amortisation:	
At 1 May 2017	20,945
Charge for the year	22,159
At 30 April 2018	43,103
Net book value:	
At 30 April 2018	102,656
At 30 April 2017	81,998

The amortisation charge for the year is recognised within administrative expenses.

11. Fixed asset investments – LLP

	2018	2017
	£	£
Investments in subsidiaries:		
K2 IP Limited	7	7
Keltie Limited	84	84
Cardas Management Services Limited (dissolved 7th August 2018)	-	7
	91	98

The £7 investment in subsidiary undertakings relate to the 100% ownership of the issued Ordinary share capital of K2 IP Limited, a company incorporated in England and Wales. The principal activity of K2 IP Limited is the provision of services to the intellectual property industry. The registered office address of K2 IP Limited is 1 London Bridge, London, SE1 9BA.

The £84 investment in subsidiary undertakings relate to the 100% ownership of the issued Ordinary share capital of Keltie Limited, which was incorporated in Ireland on 19 August 2016. The principal activity is the provision of services to the intellectual property industry.

The aggregate amount of capital and reserves and the result of these undertakings for the last relevant financial period were:

	2018	2017
	£	£
Aggregate capital and reserves		
Cardas Management Services Limited	-	48,080
K2 IP Limited	48,337	55,935
Keltie Limited	18,390	911

	2018	2017
	£	£
Profit for the year		
Cardas Management Services Limited	-	2,500
K2 IP Limited	(7,598)	43,742
Keltie Limited	19,339	995

12. Tangible fixed assets – Group

	Leasehold property £	Fixtures & Fittings £	Equipment £	Total £
Cost:				
At 1 May 2017	735,173	273,693	141,465	1,150,331
Additions	-	62,867	96,248	159,115
Disposal	-	-	(98,338)	(98,338
At 30 April 2018	735,173	336,560	139,375	1,211,108
Depreciation:				
At 1 May 2017	187,836	69,783	118,710	376,329
Charge for the year	73,517	29,172	90,890	193,579
Disposal	-	-	(98,338)	(98,338)
At 30 April 2018	261,353	98,955	111,262	471,570
Net book value:				
At 30 April 2018	473,820	237,604	28,114	739,538
At 30 April 2017	547,337	203,910	22,755	774,002

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 £75,406 (2017: £75,406) for the year.

	2018 £	2017 £
Leasehold property	311,320	359,837
Fixtures and fittings	172,535	203,910
	483,855	563,747

The leasehold property included above is held under short leasehold.

13. Tangible fixed assets - LLP

	Leasehold property £	Fixtures & Fittings £	Equipment £	Total £
Cost:				
At 1 May 2017	735,173	273,693	43,127	1,051,993
Additions	-	49,946	95,254	145,200
At 30 April 2018	735,173	323,639	138,381	1,197,193
Depreciation:				
At 1 May 2017	187,836	69,783	20,372	277,991
Charge for the year	73,517	27,994	90,834	192,345
At 30 April 2018	261,353	97,777	111,206	470,336
Net book value:				
At 30 April 2018	473,820	225,862	27,175	726,857
At 30 April 2017	547,337	203,910	22,755	774,002

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 £75,406 (2017: £75,406) for the year.

	2018 £	2017 £
Leasehold property	311,320	359,837
Fixtures and fittings	172,535	203,910
	483,855	563,747

The leasehold property included above is held under a short leasehold.

14. Debtors – Group

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	3,600,670	3,475,636
Payments on account	149,640	96,035
Amounts receivable under contracts	855,730	874,117
Other debtors	45,162	81,376
Corporation tax	2,039	11,972
Prepayments and accrued income	662,769	559,033
	5,316,010	5,098,169
Amounts falling due after more than one year:		
Other debtors	409,164	409,164
	5,725,174	5,507,333

15. Debtors - LLP

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	3,395,676	3,353,918
Amounts due from group undertakings	141,810	123,213
Payments on account	117,126	58,095
Amounts receivable under contract	827,671	834,504
Other debtors	41,107	63,086
Prepayments and accrued income	648,621	559,033
	5,172,011	4,991,849
Amounts falling due after more than one year:		
Other debtors	409,164	409,164
	5,581,175	5,401,013

16. Creditors: Amounts falling due within one year – Group

	2018	2017
	£	£
Bank loans and overdrafts (note 19)	67,500	240,599
Trade creditors	2,369,604	2,392,959
Other taxation and social security costs	425,429	387,886
Corporation tax	-	19,227
Hire purchase (note 20)	150,812	150,812
Other creditors	41,409	15,342
Accruals and deferred income	476,593	490,998
	3,531,347	3,697,823

The bank overdraft of Nil (2017: £195,599) is secured by a fixed and floating charge on all assets of the LLP. The charge is dated 16 May 2011 in favour of AIB Group (UK) plc.

There was a mortgage debenture charge dated 26 January 2012 over the assets of the subsidiary undertaking, Cardas Management Services Limited, in favour of AIB Group (UK) plc. The charge was made to secure all liabilities that Cardas Management Services Limited holds to AIB Group (UK) plc. This charge was released during the year.

17. Creditors: Amounts falling due within one year - LLP

	2018	2017
	£	£
Bank loans and overdrafts (note 18)	67,500	240,599
Trade creditors	2,129,751	2,253,855
Amounts due to group undertakings	-	122,187
Other taxation and social security costs	443,016	379,650
Hire purchase (note 19)	150,812	150,812
Other creditors	41,445	15,311
Accruals and deferred income	467,102	479,298
	3,299,626	3,641,712

17. Creditors: Amounts falling due within one year – LLP (continued)

The bank overdraft of Nil (2017: £195,599) is secured by a fixed and floating charge on all assets of the LLP. The charge is dated 16 May 2011 in favour of AIB Group (UK) plc.

18. Creditors: Amounts falling due after one year – Group and LLP

	2018 £	2017 £
Hire purchase	73,992	225,176
Bank loans	187,500	270,000
	261,492	495,176

19. Borrowings – Group and LLP

	2018 £	2017 £
Creditors: amounts falling due within one year:		
Bank overdraft due within one year	-	195,599
Bank loans due within one year	67,500	45,000
Creditors: amounts falling due after more than one year:		
Bank loans due in one to two years	75,000	45,000
Bank loans due in two to five years	112,500	135,000
Bank loans due in five years or more	-	135,000
	255,000	510,599

Bank overdrafts are annual facilities, subject to review annually and repayable on demand. A variable rate of interest is charged on this facility.

The bank loan was drawn down in September 2014 for a principal amount of £405,000 with a repayment period over 7 years. The loan bears interest at 4.5% per annum, which is calculated daily and charged quarterly. Under the terms of the loan, quarterly capital repayments must be made totalling £30,000 per annum in years 1 and 2, £60,000 per annum in years 3 and 4, and £75,000 per year in the remaining years 5, 6 and 7. The bank loan is secured by a guarantee provided by the members of the LLP dated 2 October 2014 in favour of AIB Group (UK) plc.

20. Finance lease obligations – Group and LLP

	2018 £	2017 £
The future minimum lease payments due under hire purchase contracts and finance leases were:		
Within one year	150,812	150,812
Within two to five years	73,992	225,176
	224,804	375,988

Hire purchase payments represent rentals payable by the LLP for certain items of plant and machinery. Hire purchase contracts 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 5 years. All hire purchase contacts are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The LLP's obligations under hire purchase contracts are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 11.

21. Financial instruments – Group

	2018 £	2017 £
The carrying amount of financial instruments were:		
Financial assets – Measured at amortised cost	5,054,931	4,935,575
Financial liabilities – Measured at amortised cost	3,116,337	3,431,504

22. Provisions for liabilities – Group and LLP

	Dilapidation provision £
Cost:	
At 1 May 2017 and 30 April 2018	250,000

The dilapidation provision relates to obligations which the Group and LLP is legally committed to under the terms of the property lease. The expenditure will be incurred at £25,000 per annum, the end of the term being October 2024.

23. Reconciliation of profit after tax to net cash flow from operating activities

	2018 £	2017 £
Profit after tax	4,453,589	3,071,247
Adjustments for:		
Taxation	2,107	19,227
Interest payable	64,610	78,745
Depreciation	193,579	118,780
Amortisation of intangible assets	22,159	20,274
Amortisation of goodwill	-	22,950
Distribution of reserves – Cardas Management Services Limited	(48,074)	-
Adjustment to reserves – Keltie Limited	(8,048)	-
Operating cash flows before movements in working capital	4,679,922	3,331,223
Increase in debtors	(219,015)	(488,940)
Increase in creditors	25,851	516,385
Net cash provided by operating activities	4,486,758	3,358,668

Cash and cash equivalents	2018 £	2017 £
Cash and cash equivalents represents:		
Cash at bank	753,003	557,049
Overdrafts	-	(195,599)
	753,003	361,450

The principal non-cash transactions are new hire purchase contracts and finance leases, and amounts due to former members.

24. Retirement benefit schemes – Group and LLP

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At the year-end an amount of £14,163 (2017: £8,980) was outstanding to the Group's pension scheme.

The charge to profit during the year in respect of defined contribution schemes was £145,798 (2017: £128,021).

25. Guarantees

During the year the LLP acted as a guarantor for its subsidiary undertaking, Cardas Management Services Limited, to the value of £850,000 (2017: £850,000). Cardas Management Services Limited was subsequently dissolved on 7th August 2018.

26. Ultimate controlling party

The Group and the LLP are controlled by the LLP's members as a body and as such there is no single ultimate controlling party.

27. Related party transactions

The Group and the LLP have taken advantage of the exemption in Financial Reporting Standard 102 paragraph 33.1A from the requirement to disclose transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

28. Remuneration of key management personnel – Group and LLP

The members are considered to be the only key management personnel. Members' remuneration is disclosed in note 6.

29. Operating lease commitments – Group and LLP

Lessee

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

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	681,940	681,940	4,929	53,552
Between two and five years	2,727,760	2,727,760	-	46,492
After five years	994,496	1,676,436	-	-
	4,404,196	5,086,136	4,929	100,044