Registration number: OC370679

LAYTONS LLP

Laytons LLP

Annual Report and Financial Statements

for the Year Ended 31 March 2020

Laytons LLP

Contents

Laytons LLP

Limited liability partnership information

Chairman	Mr J.C. Abbott	(appointed as Chairman 22nd January 2020)
	Mr J.V. Gavan	(retired as Chairman 22nd January 2020)
Designated members	Mr J.V. Gavan	
	Mr C.B. Sunter	
	Mr I.A. Burman	
	Mr C. Sherliker	
	Mr J.C. Abbott	(appointed as designated member 20th March 2020)
	Mr R.J. Kennett	(retired as designated member 8th January 2020; retired as member 30th April 2021)
	Mrs C.E. Barker	(retired as designated member 13th November 2019; retired as member 6th April 2020)
Members	Mr P.R.N. Kelly	
	Mr M.B. Selby	
	Mr G.D. Thomas	
	Mr R.M. Harrison	
	Mrs E. Gunaratnam	
	Mr N.C.J. Lakeland	
	Miss R.J. Parker	
	Mrs L. Zucconi	
	Mr D.G. Iesini	
	Mr R. Clark	
	Mrs V. Brockley	
	Mr M.S. Reis	
	Mr R. MacGinn	
	Miss D. Aylward	
	Mr V. Patel	(appointed 1st April 2019)
	Mr R.A. Watson	(appointed 1st April 2019)
	Glaisyers Solicitors LLP	(appointed 30th April 2021)
	Mr I.A. Cook	(retired 31st March 2021)
	Mr N.J. Bucknell	(retired 31st March 2020)
	Mr J.M.S. Beesley	(retired 31st March 2020)
	Mr D.J. Oldfield	(retired 30th September 2019)
	Ms S. Hampson	(retired 20th March 2020)
	Mr B.J. Leaf	(retired 6th April 2020)
	Mr J.S. Skelly	(retired 26th July 2019)
	Mr S.A. Foster	(retired 6th December 2019)

Limited liability partnership information (continued)

	Mr S.A. Baker	(retired 26th July 2019)
	Mr M.D. Donoghue	(retired 31st March 2020)
	Mr G.D. Hughes	(retired 31st January 2020)
	Mr L. Beesley	(retired 13th March 2020)
	Ms E.A. Bottrill	(retired 6th April 2020)
	Mr A. Li	(retired 30th September 2019)
	Mr S.A.J. Clarke	(retired 6th April 2020)
Registered office	3rd Floor Pinners Hall 105 - 108 Old Broad Street London EC2N 1ER	
Bankers	The Royal Bank of Scotland Preston Fishergate Branch 97 Fishergate Preston PR1 2DP	
Auditors	Horne Brooke Shenton Chartered Accountants & Statutory Auditors 15 Olympic Court Boardmans Way Whitehills Business Park Blackpool FY4 5GU	

Laytons LLP

Members' Report for the Year Ended 31 March 2020

The members present their report and the financial statements for the year ended 31 March 2020.

Firm structure

The LLP is a limited liability partnership registered in England and Wales. A list of designated members' names is available for inspection at the LLP's registered office.

Principal activity

The principal activity of the limited liability partnership is the provision of legal services.

Review of the business and future developments

Performance
Turnover of £12.01m was reported for the year ended 31st March 2020 (2019 - £12.88m turnover).

The LLP implemented internal office reorganisation strategies during the year to reduce its future operational overheads and continue as a going concern. These actions included agreeing a scheme of arrangement with its creditors in January 2020 to assist in ensuring its ability to continue as a going concern whilst reorganisation, restructure and cost saving strategies were implemented, together with loan finance restructure. The impact on year ended 31st March 2020 results was an increase in operational costs resulting in an operating loss before members remuneration.

The Firm's balance sheet reported net liabilities of (£362,494) (2019 net assets - £2.4m). Members Interests are set out on page 13 to the LLP's accounts and include negative LLP members equity interests of (£1,408,183) in relations to losses of the LLP to date.

Cashflows and liquidity
The economic environment for corporate legal services was extremely challenging and the deterioration in performance of the LLP placed significant strain on the LLP's cashflow and liquidity.

During the year, the members' forecasts and projections, taking account of reasonably possible changes in trading performance, indicated material uncertainties in connection with the LLP's ability to be able to continue to operate as a going concern. Liquidity was uncertain and extremely sensitive in the foreseeable future and, in order to meet the challenges in the foreseeable future and manage cash and liquidity concerns, the members concluded that a Company Voluntary Arrangement (CVA) with its creditors would result in the best outcome for all relevant parties to safeguard the partnership's business to allow continuation of trade as a going concern. The members of the LLP took steps during year ended 31st March 2020 to seek such an arrangement with the creditors of the LLP and a CVA was agreed with the LLP's creditors in January 2020.

Following the year end, the LLP secured new investment and lending, resulting in an inflow of new member equity investment and loan funding as part of the equity member investment by Glaisyers Solicitors LLP to enable the LLP to be in a position post year end to reach agreement with its Bank and Creditors to settle its debts. These post year end transactions are as set out in note 20 to the financial statements.

Current members' forecasts and projections, taking account the new investment, re-financing and expected settlement of the CVA variation in the foreseeable future, and of reasonably possible changes in trading performance, indicate adequate financial resources of the LLP to continue in operational existence in the foreseeable future.

Borrowings
As set out in note 13 to the financial statements, the LLP met its day-to-day working capital requirement and operated within its 3-year bank loan facility commitment of £3 million, which was drawn down in full at the year end date, together with a repayable bank term loan of £500,000 standing at £86,963 at 31st March 2020 year end date (2019: £256,656). The bank loan and facility were secured by the Bank by debenture via a fixed and floating charge over the assets of the LLP. The banking facility arrangement came to an end at 31st July 2020. In the short-term, an informal ongoing rolling facility was made available by the LLP's bankers for continued temporary support to allow the LLP time to implement restructure strategies and secure replacement financing. This short-term informal rolling facility continued until 30th April 2021 when new investment and financing was achieved to allow a settlement agreement to be reached with the Bank of the Bank facility loan arrangement. Settlement was agreed with the LLP's Bankers and this post balance sheet event will be reflected in the LLP's year ended 31st March 2021 accounts.

Future developments
The LLP implemented internal office reorganisation strategies to reduce its operational overheads, rationalise its office space and locations and maintain its ability to continue as a going concern going forward. These strategies resulted in the closure of the LLP's office premises at both Guildford and Manchester post year end and a subsequent relocation in 2021 and consolidation of all operations at a new London office base for the LLP at Pinners Hall, Old Broad Street, London.

The LLP agreed a scheme of arrangement with its creditors in January 2020 to assist in ensuring its ability to continue as a going concern whilst reorganisation, restructure and cost saving strategies are implemented, and then subsequently allow loan finance restructure.

Following the implementation of these strategies the LLP secured an investment agreement with Glaisyers Solicitors LLP. A 51% equity member investment was made by Glaisyers Solicitors LLP with new loan refinancing agreements.

Covid-19

The global pandemic, together with the UK requirement to close non-essential services business premises, presented new challenges to the LLP and its clients. The LLP maintained operations via remote working of its legal teams and with the use of information technology was able to continue to service client's legal needs throughout UK lockdown and remote working restrictions. Covid-19 placed additional business uncertainties on the LLP, common with all legal practice firms, which the firm was well equipped to meet.

Going concern
Current members' forecasts and projections, taking account the new investment, re-financing and expected settlement of the CVA variation in the foreseeable future, and of reasonably possible changes in trading performance, indicate adequate financial resources of the LLP to continue in operational existence in the foreseeable future. Accordingly, the members continue to adopt the going concern basis in preparing the LLP account accounts.

Designated members

The members who held office during the year were as follows:

Mr J.V.Gavan
Mr C.B. Sunter
Mr I.A. Burman
Mr C.J. Sherliker
Mr J.C. Abbott (appointed as designated member 20th March 2020)
Mr R.J. Kennett (retired as designated member 8th January 2020; retired as member 30th April 2021)
Mrs C.E. Barker (retired as designated member 13th November 2019; retired as member 6th April 2020)

Members' drawings and the subscription and repayment of members' capital

The members' drawing policy acknowledges the working capital requirements of the LLP. A conservative level of monthly drawings is set at the start of each financial year. Drawings levels for the ensuing year, are considered once the results for the year have been finalised and the allocation of those profits is able to be determined.

The level of Members' capital is determined by the Management Committee. Unless otherwise agreed, Members' capital is ordinarily repaid within one year following departure on a Member's cessation of partnership from the Firm.

Disclosure of information to the auditors

Each designated member has taken steps that they ought to have taken as a designated member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information. The designated members confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Designated Members on 6/10/2021 and signed on their behalf by:

Mr J.C. Abbott
Chairman

Laytons LLP

Statement of Members' Responsibilities for the Year Ended 31 March 2020

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). Under Company law as applied to LLPs 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 limited liability partnership and of the profit or loss of the limited liability partnership for that year. 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;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its members in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships, and in accordance with the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (2018). They are also responsible for safeguarding the assets of the limited liability partnership 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.

Laytons LLP

Independent Auditor's Report to the Members of Laytons LLP

Opinion
We have audited the financial statements of Laytons LLP (the 'limited liability partnership') for the year ended 31 March 2020 which comprise the profit and loss account, statement of comprehensive income, the balance sheet, statement of changes in members' interests, cash flow statement and the 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 Financial Reporting Standard 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 limited liability partnership's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

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 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 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.

Independent Auditor's Report to the Members of Laytons LLP (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which 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; or
- certain disclosures of members' remuneration specified by law are not made; or

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 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 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Laytons LLP (continued)

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Deborah Walsh BA FCA (Senior Statutory Auditor)
For and on behalf of Horne Brooke Shenton, Statutory Auditor

15 Olympic Court
Boardmans Way
Whitehills Business Park
Blackpool
FY4 5GU

Date: 7/10/2021

Laytons LLP

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	2	12,005,007	12,882,708
Administrative expenses		(12,366,336)	(11,021,490)
Other operating income		215,906	222,234
Operating (loss)/profit	3	(145,423)	2,083,452
Other interest receivable and similar income	4	87,331	72,980
Interest payable and similar charges	5	(214,093)	(235,085)
(Loss)/profit for the year before members' remuneration and profit shares		(272,185)	1,921,347
Members' remuneration charged as an expense		(2,007,876)	(2,224,280)
Loss for the year available for discretionary division among members		(2,280,061)	(302,933)

Turnover and operating profit derive wholly from continuing operations.

The limited liability partnership has no recognised gains or losses for the year other than the results above.

Laytons LLP

Statement of Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 £
Profit/(loss) for the year available for discretionary division among members		-
Other comprehensive income		-
Total comprehensive income for the year available for discretionary division among members		-

The notes on pages 16 to 34 form an integral part of these financial statements.

Laytons LLP

(Registration number: OC370679)
Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	8	582,428	706,762
Tangible assets	9	851,735	1,145,305
		1,434,163	1,852,067
Current assets			
Debtors	10	5,931,694	6,884,034
Cash and short-term deposits		357,272	417,844
		6,288,966	7,301,878
Creditors: Amounts falling due within one year	11	(5,248,926)	(3,469,799)
Net current assets		1,040,040	3,832,079
Total assets less current liabilities		2,474,203	5,684,146
Creditors: Amounts falling due after more than one year	12	(2,736,697)	(3,133,878)
Provisions			
Other provisions		(100,000)	(145,000)
Net (liabilities)/assets attributable to members		(362,494)	2,405,268
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		-	1,817,500
Other amounts	17	2,220,500	890,701
		2,220,500	2,708,201
Members' other interests			
Other reserves		(2,582,994)	(302,933)
		(362,494)	2,405,268
Total members' interests			
Amounts due from members		(1,045,689)	(375,169)
Loans and other debts due to members		2,220,500	2,708,201
Equity		(2,582,994)	(302,933)
		(1,408,183)	2,030,099

The financial statements of Laytons LLP (registered number OC370679) were approved by the Board and authorised for issue on 21.01.2021 They were signed on behalf of the limited liability partnership by:

Mr J.C. Abbott
Chairman

The notes on pages 16 to 34 form an integral part of these financial statements.

Laytons LLP

Statement of Changes in Members' Interests
At 31 March 2020

	Equity		Loans and other debts due to/(from) members		
	Other reserves	Total	Members' capital classified as a liability	Members' other amounts	Total 2020
	£	£	£	£	£
Members' interest at 1 April 2019	(302,933)	(302,933)	1,817,500	515,532	2,030,099
Members' remuneration charged as an expense	-	-	-	2,007,876	2,007,876
Loss for the financial year available for discretionary division among members	(2,280,061)	(2,280,061)	-	-	(2,280,061)
Members' capital introduced	-	-	311,180	-	311,180
Drawings (including tax payments)	-	-	-	(3,145,171)	(3,145,171)
Transfer of capital to former members' balances	-	-	-	(332,106)	(332,106)
Other movements	-	-	(2,128,680)	2,128,680	-
At 31 March 2020	(2,582,994)	(2,582,994)	-	1,174,811	(1,408,183)

	Equity		Loans and other debts due to/(from) members		
	Other reserves	Total	Members' capital classified as a liability	Members' other amounts	Total 2020
	£	£	£	£	£
Members' interest at 1 April 2018	-	-	1,542,500	1,807,460	3,349,960
Members' remuneration charged as an expense	-	-	-	2,224,280	2,224,280
Loss for the financial year available for discretionary division among members	(302,933)	(302,933)	-	-	(302,933)
Members' capital introduced	-	-	318,445	-	318,445
Drawings (including tax payments)	-	-	-	(3,538,408)	(3,538,408)
Transfer of capital to former members' balances	-	-	-	(21,245)	(21,245)
Other movements	-	-	(43,445)	43,445	-
At 31 March 2019	(302,933)	(302,933)	1,817,500	515,532	2,030,099

Statement of Changes in Members' Interests
At 31 March 2020 (continued)

The Members of the LLP put in place a Company Voluntary Arrangement (CVA) with the LLP's Creditors dated 28th January 2020.

All Members Interests were party to the CVA, standing as connected CVA creditors and form part of the overall CVA creditor. As Members Interests and loans, these connected CVA creditors are included within Members Interests in accordance with generally accepted LLP accounting and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships.

Members loan interests and capital formally classified as a liability are now represented by the CVA Connected Party Members Interest balances as at the 31st March 2020 Balance Sheet date. The Members Interests Statement outlines the reclassification of connected member creditors former capital classified as a liability now falling within the CVA. As a creditor of the CVA all member interests are subject to the terms and conditions of the CVA.

Former Members, who retired prior to the 31st March 2020, do not form part of closing Members Interests at the 31st March 2020 Balance Sheet date. These former connected Member Interest creditors now fall as ordinary CVA creditors and are included within total CVA creditors falling due after more than one year, as disclosed in Note 12 to the accounts.

The CVA Agreement disclosed total connected members interests of £2,771,838 as at the 28th January 2020 date of the agreement, together with £204,093 within non-connected party CVA creditor balances in relation to retiring members prior to the CVA date.

Members loans and other debts due to members are unsecured and rank pari passu within other unsecured creditors in the event of a winding up.

Members loan interests include a tax provision of £38,507 (2019: £692,990) within amounts owed to members in respect of profits.

Laytons LLP

Cash Flow Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Net cash inflow from operating activities	18	3,946,169	3,690,760
Cash flows from investing activities			
Purchase of tangible fixed assets		(116,690)	(144,226)
Purchase of intangible fixed assets		-	(4,885)
Interest received and similar income		87,331	72,980
HP and finance lease interest		(13,000)	(29,446)
Interest paid		(201,093)	(205,639)
Net cash flows from investing activities		(243,452)	(311,216)
Cash flows from financing activities			
Increase/(repayment) of loans and borrowings		(366,055)	(81,164)
Repayment of capital element of finance leases and HP contracts		(29,577)	(26,277)
Payments to or on behalf of members		(3,145,171)	(3,538,408)
Capital contributions by members		141,180	318,445
Repayments to former members		(54,644)	(63,389)
Other transactions		(309,022)	170,000
Net cash flows from financing activities		(3,763,289)	(3,220,793)
Net (decrease)/increase in cash and cash equivalents		(60,572)	158,751
Cash and cash equivalents at 1 April		417,844	259,093
Cash and cash equivalents at 31 March		357,272	417,844

	2020 £	2019 £
Reconciliation to cash at bank and in hand:		
Cash at bank	357,272	417,844

The notes on pages 16 to 34 form an integral part of these financial statements.

Laytons LLP

Notes to the Financial Statements

1 Accounting policies

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

General information and basis of accounting
The limited liability partnership is incorporated in the England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on the limited liability partnership information page. The nature of the limited liability partnership's operations and its principal activities are given in the members' report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued December 2018).

The functional currency of Laytons LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the limited liability partnership operates. Foreign operations are included in accordance with the policies set out below.

Going concern
The LLP's business activities, together with factors likely to affect its future development, performance and position are set out in the Members Report on pages 3 and 4. The financial position of the LLP, its cash flows, liquidity position and borrowing facilities are described in the Business Review on page 3 and note 13, secured creditors, to the financial statements.

As set out in note 13 to the financial statements, the LLP met its day-to-day working capital requirements through a loan facility with its bank which came to an end on 31st July 2020. In the short-term, an informal ongoing rolling facility was made available by the LLP's bankers for continued temporary support to allow the LLP time to implement restructure strategies and secure replacement financing. This short-term informal rolling facility continued until 30th April 2021 when new investment and financing was achieved to allow settlement to be reached with the Bank of the Bank facility loan arrangement.

The LLP implemented internal office reorganisation strategies during the year to reduce its future operational overheads and continue as a going concern. These actions included agreeing a scheme of arrangement with its creditors in January 2020 to assist in ensuring its ability to continue as a going concern whilst reorganisation, restructure and cost saving strategies were implemented, together with loan finance restructure and new equity investment financing into the LLP.

The members' forecasts and projections, taking account the new controlling member Equity investment, re-financing and expected settlement of the CVA variation in the foreseeable future, and of reasonably possible changes in trading performance, indicate adequate financial resources of the LLP to continue in operational existence in the foreseeable future. Accordingly, the members continue to adopt the going concern basis in preparing the LLP account accounts.

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty
In the application of the limited liability partnership's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of judgements, estimates and assumptions about the carrying values of assets and liabilities that have a significant effect on the amounts recognised in the financial statements are detailed in the accounting policies below and relate to

- Revenue recognition

- Bad debt provisions

- Professional claims provisions

The LLP is required to determine the fair value of goodwill and intangible assets acquired as part of a business combination and estimate the useful economic life of those assets in order to determine appropriate amortisation rates. Both the initial valuation and the assessment of the assets' useful economic life require significant assumptions to be made. The significant assumptions made in respect of the current year acquisition relate to the level of fee income and profitability on acquisition and the useful economic life of the acquired operations.

1 Accounting policies (continued)

Turnover

Turnover represents amounts billed in the year, net of value added tax, after allowing for any movement in work in progress and accrued income.

Revenue recognition
Fee revenue in respect of professional services is recognised when the limited liability partnership has a present right to receive payment for services rendered to clients unless receipt of payment is contingent or otherwise uncertain in accordance with FRS 102. Revenue is recognised to the extent that the limited liability partnership obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty. Unbilled revenue is included within debtors as accrued fee income.

Members' remuneration and division of profits
The SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

The LLP agreement provides that fixed amounts, determined for each member each year, be paid to members, irrespective of the profits of the LLP. These amounts are also included within members' remuneration charged to the profit and loss account.

A member's share of the profit or loss for the year is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

Foreign currency
Foreign currency transactions of the firm are translated at the rate ruling on the date on which they occurred.

Taxation
The taxation payable on the partnership's profits is the personal liability of the members, although payment of such liabilities is administered by the partnership on behalf of its members. Consequently, neither partnership taxation or related deferred taxation are accounted for in these financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members, or are set against amounts due from members as appropriate.

Intangible assets
Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

Goodwill
Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

1 Accounting policies (continued)

Amortisation
Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Goodwill	Equally over the assessed life of 20 years / 10 years

Goodwill includes movements to recognise changes to the fair value of assets and liabilities on acquisition.

Depreciation
Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Short leasehold property and improvements	Equally over the period of expected occupation or 10 years
Fixtures and fittings	15% per annum reducing balance / 15 year straight line
Computer equipment	33 1/3% per annum reducing balance / 20% straight line
Leased computer equipment	5 year straight line
Motor vehicles	25% per annum reducing balance
Library	Written off in the year of acquisition

No provision for amortisation or depreciation is made in the year of addition of owned tangible and intangible assets. Assets held under finance lease are depreciated from the inception of the lease.

Business combinations
Business combinations are accounted for using the acquisition method accounting. The cost of the business combination is measured as the aggregate of the fair values of the assets acquired and liabilities assumed or incurred in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. Any changes to the net fair value of the identifiable assets and liabilities assumed on acquisition, have been recognised as movements in goodwill for the year.

Work in progress
Work in progress is valued at the lower of cost and net realisable value, excluding members' time, of work carried out where it is not appropriate for fee revenue to be recognised at or before the year end.

Trade and other debtors
Debtors include amounts billed (including disbursements and VAT) and remaining outstanding as at 31 March each year, together with accrued fees receivable in accordance with the LLP's revenue recognition policy.

Bad debts

Provision has been made in respect of specific debts and disbursements known and considered bad, or collection deemed doubtful by the LLP.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade and other creditors

Trade creditors 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 the limited liability partnership does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

Professional claims provisions

In common with other professional services businesses the LLP is insured against the cost of any professional liability claims that are notified to the LLP. A provision is made for the LLP's estimated retained liability for such claims and generally against the possibility that professional claims might arise in the future.

Members' interests

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

Pensions and other post retirement obligations

The LLP operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

As an employer, the LLP contributes to money purchase private pension schemes of its employees. Contributions are charged in the profit and loss account as they become payable.

Financial instruments

Classification

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

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the limited liability partnership intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Recognition and Measurement
Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.
With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.
Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Impairment of financial assets
Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the limited liability partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the limited liability partnership, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1 Accounting policies (continued)

Company Voluntary Arrangement
The Company Voluntary Arrangement (CVA) financial liability creditor includes the unsecured creditors of the LLP as at the CVA approval date of 28th January 2020.

The CVA creditor is classified as a non-current liability in accordance with the expected payment schedule set out within the CVA agreement.

Monthly contributions to the CVA are classified as a financial asset held by the CVA administrator until finalisation of the CVA.

CVA creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, in accordance with the CVA agreement subject to adjustment for known errors in the CVA statement.

Loan balances in relation to members interests which fall within the terms of the CVA remain within Members Interests in accordance with the reporting requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued December 2018). Members interests under the CVA are disclosed on the Statement of Changes in Members' Interests.

Former members loan balances as at the reporting date of 31st March 2020 are included within the CVA creditors liability as these no longer represent members interests.

2 Turnover

An analysis of the LLP's turnover for the year by class of business is as follows:

	2020	2019
	£	£
Legal services	12,005,007	12,882,708

An analysis of the LLP's turnover for the year by geographical market is as follows:

2 Turnover (continued)

	2020 £	2019 £
UK	10,514,922	11,454,611
Europe	386,903	319,856
Rest of world	1,103,182	1,108,241
	12,005,007	12,882,708

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2020 £	2019 £
Loss on sale of tangible fixed assets	223,055	-
Depreciation of owned assets	157,628	127,854
Depreciation of assets held under finance lease and hire purchase contracts	29,577	26,276
Amortisation	124,334	91,000
Audit of the financial statements	41,500	16,000

4 Other interest receivable and similar income

	2020	2019
	£	£
Other interest receivable and similar income	87,331	72,980
	87,331	72,980

5 Interest payable and similar charges

	2020	2019
	£	£
Interest on bank borrowings and overdrafts	198,222	203,104
Interest on other loans	2,871	2,535
Finance charges	13,000	29,446
	214,093	235,085

6 Particulars of employees

The average number of persons employed by the limited liability partnership (including members) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Legal and support staff	121	113

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Wages and salaries	4,539,976	4,598,087
Social security costs	523,812	396,271
Pension	325,047	199,350
	5,912,647	5,589,979

7 Members' remuneration

	2020	2019
Average number of members during the year	35	36

The profit attributable to the member with the largest entitlement was £134,996 (2019: £155,965).

Allocated profits take in to account pension and annuity payments and include sums allocated as interest and capital profits.

8 Intangible fixed assets

	Goodwill £	Total £
Cost		
At 1 April 2019	1,052,428	1,052,428
At 31 March 2020	1,052,428	1,052,428
Amortisation		
At 1 April 2019	345,666	345,666
Charge for the year	124,334	124,334
At 31 March 2020	470,000	470,000
Net book value		
At 31 March 2020	582,428	582,428
At 31 March 2019	706,762	706,762

9 Tangible fixed assets

	Short leasehold land and buildings £	Fixtures and fittings £	Office equipment £	Leased computer equipment £	Total £
Cost					
At 1 April 2019	667,380	1,835,360	292,634	532,441	3,327,815
Additions	-	11,726	104,964	-	116,690
Disposals	(145,501)	(892,467)	(129,335)	(48,986)	(1,216,289)
At 31 March 2020	521,879	954,619	268,263	483,455	2,228,216
Depreciation					
At 1 April 2019	324,696	1,149,531	205,419	502,864	2,182,510
Charge for the year	42,162	88,085	27,381	29,577	187,205
Eliminated on disposals	(88,523)	(731,505)	(124,220)	(48,986)	(993,234)
At 31 March 2020	278,335	506,111	108,580	483,455	1,376,481
Net book value					
At 31 March 2020	243,544	448,508	159,683	-	851,735
At 31 March 2019	342,684	685,829	87,215	29,577	1,145,305

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £	2019 £
Leased computer equipment	-	29,577

10 Debtors

	2020 £	2019 £
Trade debtors	3,597,870	4,758,855
Amounts recoverable on long term contracts	405,771	838,791
Amounts due from members	1,045,689	375,169
Other debtors	245,562	317,205
Prepayments and accrued income	636,802	594,014
	5,931,694	6,884,034

Debtors includes £95,000 (2019 - £Nil) receivable after more than one year.

11 Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	3,163,528	881,701
Obligations under finance lease and hire purchase contracts	-	29,577
Trade creditors	1,174,410	1,440,388
Amounts due to former members	-	103,354
Other taxes and social security	406,287	365,418
Other creditors	6,333	19,098
Accruals and deferred income	498,368	630,263
	5,248,926	3,469,799

12 Creditors: Amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	109,849	3,133,878
Company Voluntary Arrangement creditors	2,626,848	-
	2,736,697	3,133,878

On 28th January 2020, the limited liability partnership entered into a Company Voluntary Arrangement with its creditors.

Under the terms of the CVA, the limited liability partnership will make monthly contributions of £50,000 to the CVA supervisors for a minimum of 57 month. Monies received by the CVA supervisors are to be utilised in accordance to the terms of the CVA agreement.

Monthly contributions commenced on 14th February 2020 and payments of £95,000 were made to the CVA supervisors in the year ended 31st March 2020 and are included in other debtors.

Included within the CVA creditor liability is £481,264 which represents balances due to former members of the LLP.

13 Secured creditors

Creditors includes the following liabilities, on which security has been given by the limited liability partnership:

	2020	2019
	£	£
Bank loans / facility due within one year	3,163,528	171,104
Bank loans / facility due after more than one year	109,849	3,085,552
	3,273,377	3,256,656

During the year, the LLP met its day to day working capital requirement and operated within its 3-year bank loan facility commitment of £3 million, which was drawn down in full at the year-end date, together with a repayable bank term loan of £500,000, standing at £86,963 at 31st March 2020 (2019: £256,656). The bank loan and facility were secured by the Bank by debenture via a fixed and floating charge over the assets of the LLP. This banking facility came to an end at 31st July 2020. In the short-term, an informal ongoing rolling facility was made available by the LLP's current bankers for continued temporary support to allow the LLP time to implement restructure strategies and secure replacement financing. This short-term informal rolling facility continued until 30th April 2021.

During the year, the LLP was in breach of the bank loan covenants in respect of the bank loan facility commitment of £3 million. The bank was aware of the covenant breaches, and at the end of the facility on 31st July 2020, a short term ongoing rolling credit facility was made available by the LLP's bank for continued temporary support to allow the LLP to implement its restructure strategies, trade via its CVA and secure replacement financing. Following the LLP's year end, on receipt in April 2021 of new investment funding by a new majority stake investor into the LLP, a settlement was reached with the LLP's banker and the bank loan facility was repaid.

Interest is charged on the banking facility at 2.5% per annum over the LIBOR rate, in accordance with the terms of the facility.

14 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	-	29,577

14 Obligations under leases and hire purchase contracts (continued)

Operating leases
The total of future minimum lease payments is as follows:

	2020 £	2019 £
Property operating leases:		
Not later than one year	750,000	918,029
Later than one year and not later than five years	-	3,672,116
Later than five years	-	1,748,771
	750,000	6,338,916

The amount of non-cancellable property operating lease payments recognised as an expense during the year was £918,029 (2019 - £917,477).

Operations ceased at Manchester and Guildford offices at the year end. Manchester lease ceased with effect from 23rd April 2020 and Guildford lease ceased with effect from 15th September 2020.

	2020 £	2019 £
Other operating leases:		
Not later than one year	34,521	34,521
Later than one year and not later than five years	84,497	119,018
	119,018	153,539

The amount of non-cancellable other operating lease payments recognised as an expense during the year was £34,521 (2019 - £24,567).

15 Provisions

	Other provisions £	Total £
At 1 April 2019	145,000	145,000
Professional claims reserve	(45,000)	(45,000)
At 31 March 2020	100,000	100,000

In common with other professional services businesses the LLP is insured against the cost of any professional liability claims that are notified to the LLP. A provision is made for the LLP's estimated retained liability for such claims and generally against the possibility that professional claims might arise in the future.

16 Pension and other schemes

Defined contribution pension scheme

The limited liability partnership operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the limited liability partnership to the scheme and amounted to £144,615 (2019 - £146,640).

17 Analysis of other amounts

	2020 £	2019 £
Money owed to members by the LLP in respect of profits	2,220,500	890,701

18 Cash flow statement

	2020 £	2019 £
Operating (loss)/profit	(145,423)	2,083,452
Depreciation, amortisation and impairment charges	311,539	245,130
Loss on disposal of fixed assets	223,055	-
Decrease in stocks	-	27,739
Decrease in debtors	1,622,860	1,508,951
Increase/(decrease) in creditors	1,979,138	(319,512)
(Decrease)/increase in provisions	(45,000)	145,000
Cash generated by operations	3,946,169	3,690,760
Net cash inflow from operating activities	3,946,169	3,690,760

19 Analysis of changes in net debt

	At 31st March 2019	Cashflows	Acquisition	Other non-cash exchanges	At 31st March 2020
Net cash:					
Cash at bank and in hand	417,844	(60,572)	-	-	357,272
Overdrafts	-		-	-	-
	417,844	(60,572)	-	-	357,272
Debt:					
Due in less than 1 year	(881,701)	366,055		(2,647,882)	(3,163,528)
Due in greater than 1 year	(3,133,878)	-		397,181	(2,736,697)
Finance leases	(29,577)	29,577	-	-	-
	(3,627,312)	335,060	-	(2,250,701)	(5,542,953)

20 Non adjusting events after the financial period

At the end of the banking facility, on 31st July 2020, a short term ongoing rolling credit facility was made available by the LLP's bank for continued temporary support to allow the LLP to implement its restructure strategies, trade via its CVA and secure replacement financing. Following the LLP's year end, on receipt in April 2021 of new investment funding by a new majority stake investor into the LLP, a settlement was reached with the LLP's banker and the bank loan facility was repaid.

On 25th March 2021, a revision to the CVA was agreed by the creditors to a settlement value to the CVA debt. This revision to the CVA proposed settlement is connected with the appointment and investment of Glaisyers Solicitors LLP as a majority equity member on 30th April 2021 and the connected investment funding received.

The LLP implemented internal office reorganisation strategies to reduce its operational overheads, rationalise its office space and locations and maintain its ability to continue as a going concern going forward. Operations relocated to a new London office base for the LLP at Pinners Hall, Old Broad Street, London in March 2021.

21 Exceptional items

On 1st April 2019, the LLP acquired the trade of Lattey & Dawe in return for which the Lattey & Dawe members became Equity members of Laytons LLP. The purchase was accounted for using the acquisition method of accounting in accordance with FRS 102

During the year, the firm incurred exceptional professional fees of £201,154 in connection with advice and support in addressing refinancing and reconstruction matters of the LLP.

In the previous year, the firm incurred exceptional recruitment costs of £180,275 in connection with the firm's investment in new fee earners.

22 Related party transactions

Summary of transactions with entities with joint control or significant interest
Laytons Computer Services Ltd
Laytons Computer Services Ltd was under the influence of Laytons LLP throughout the current and previous financial year. During both periods the company provided Laytons LLP with computing equipment through the leasing of assets under finance leases, and maintenance support.

Laytons Computer Services Ltd ceased operations during the year ended 31st March 2020.

	2020	2019
	£	£
Details of transactions with Laytons Computer Services Limited		
Included in other operating income	557	14,000
Included in administration expenses	(80,857)	(386,784)
Included in interest payable and similar charges	(821)	(4,880)
	(81,121)	(377,664)
Details of balances held at 31st March 2020 with Laytons Computer Services Limited		
Included in other debtors	11,189	334,695
Included in trade creditors	-	(328,276)
Included in other creditors	-	(29,576)
	11,189	(23,157)

	Status
Laytons Secretaries Limited	Dormant
Laytons Management Limited	Dormant
Laytons Solicitors Limited	Dormant
Sharlwood Limited	Dormant
Laytons Trustee Company Limited	Dormant
Baggy Nominees Limited	Dormant
Blackfriars Trust Services Limited	Dormant
Macemere Limited	Dormant
Sunlight House Nominees Limited	Dormant
Laytrust Limited	Dormant
Dialmode Secretaries Limited	Dormant
Toshiba Medical Systems Ltd	Dormant

23 Control

The members are the controlling party by virtue of their controlling interest in the limited liability partnership.

Designated members operate the day to day control of the LLP, the majority equity member of the LLP is Glaisyers Solicitors LLP controlling 51% of the equity of Laytons LLP as of 30th April 2021.