

Limited Liability Partnership registration number OC373542 (England and Wales)

DEBENHAMS OTTAWAY LLP
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023



DEBENHAMS OTTAWAY LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	S C Glenholme C E Sharp A R Yates
Limited liability partnership number	OC373542
Registered office	Ivy House 107 St Peters Street St Albans Hertfordshire AL1 3EW
Accountants	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ

DEBENHAMS OTTAWAY LLP

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DEBENHAMS OTTAWAY LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

I am pleased to present my report covering the highlights of the year.

Clients

It is a truism, but no less relevant to recognise, that we do not have a practice without our clients. As a result the partners confirmed that our strategic objective continued to be "Trusted Adviser" providing an integrated full service offering across the generations. This is something that I like to believe the firm has provided throughout its 250 year history. Our very real focus on providing the highest quality legal advice and excellent service is evidenced firstly by our award for "most Active Private Wealth Practice Group" by Eurojuris International – an international network of firms of which we are members. Secondly, we have renewed our Professional Indemnity Insurance from 1 October 2023 on what I understand are particularly favourable terms demonstrating the quality of our work and commitment to robust compliance and quality procedures. I thank all our clients for the faith they place in us.

Staff and partners

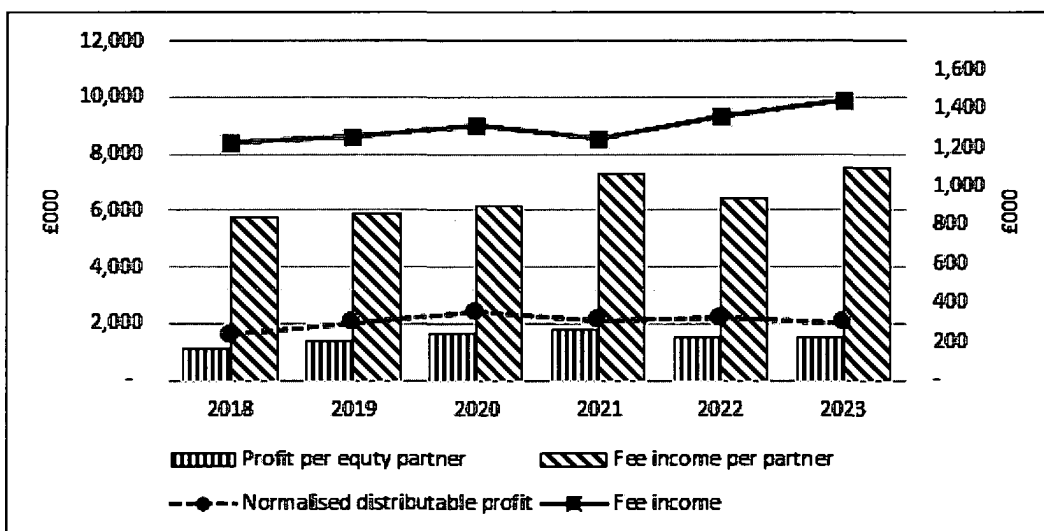
Staff and partner recruitment continues to be a major challenge for us and indeed the profession as a whole. In a very competitive environment for the best talent we must be able to "stand out from the crowd". I like to feel that we have been able to achieve this through a very genuine focus on an inclusive, collaborative approach to all our people, by embracing flexible and changing working practices and by working as a team. Our people after all are our greatest resource and greatest differentiator.

I pay tribute to my partners who have risen to the challenges faced and grasped the opportunities presented to us. Whilst there were no new equity partner appointments in the year I have been delighted to welcome four new salaried partners which bodes well for the future.

Results for the year

I am content with our financial performance. We benchmark our results by reference to other members of LawNet and other surveys and believe that we are on a par with our peers. Our turnover has shown an increase from £9.3m to £9.8m and our Profit per Equity Partner (PEP) has increased from £220k to £225k and our working capital lock up has reduced from 102 to 98 days. We take pride in the fact that we do not borrow and are cash positive. However, in an inflationary environment the increase in fee income is only 5% and in PEP only 2%, demonstrating the difficulty in recovering our increased costs while achieving inflation adjusted fee income. However I do recognise that – along with the profession as a whole – the pandemic years proved surprisingly (in retrospect) buoyant and that these results reflect something of a return to normal. Profits continue to be vital for the future of our firm – both to recruit the best talent and to invest in our infrastructure.

Our six-year trend shows the impact of our efforts during this period:



DEBENHAMS OTTAWAY LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

Outlook

Whilst I continue to be positive about the future of our firm I must be realistic and sound notes of caution. We face significant challenges and uncertainties including continuing inflationary pressures, historically high interest rates, political uncertainty with a looming General Election and perhaps most importantly recruitment of the best talent. In the coming year our focus must be on the protection and enhancement of our trading performance and our medium term partner succession planning.

Members' drawings, contributions and repayments

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

A member's capital requirement is linked to their share of profit and the financing requirement 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".

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 C Glenholme
C E Sharp
A R Yates

Statement of members' responsibilities

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and 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 applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small LLPs exemption

This report has been prepared in accordance with the special provisions relating to small LLPs within Part 15 of the Companies Act 2006.

DEBENHAMS OTTAWAY LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

Approved by the members on ²⁴⁻¹¹⁻²³ and signed on behalf by:

Susan Glenholme
.....

S C Glenholme
Designated Member

DEBENHAMS OTTAWAY LLP

INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2023

		2023	2022
	Notes	£	£
Revenue	2	9,850,198	9,337,271
Administrative expenses		(8,118,586)	(7,196,133)
Other operating income		-	6,688
Operating profit		1,731,612	2,147,826
Investment income		427,222	71,922
Finance costs		(137,243)	(24,352)
Profit for the financial year before members' remuneration and profit shares		2,021,591	2,195,396
Members' remuneration charged as an expense	4	(2,021,591)	(2,195,396)
Result for the financial year available for discretionary division among members		-	-

The income statement has been prepared on the basis that all operations are continuing operations.

DEBENHAMS OTTAWAY LLP

STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2023

	Notes	2023 £	£	2022 £	£
Non-current assets					
Property, plant and equipment	5		266,293		323,419
Current assets					
Work in progress		120,360		139,387	
Trade and other receivables	6	3,141,838		2,879,059	
Cash and cash equivalents		1,289,563		1,582,303	
		<u>4,551,761</u>		<u>4,600,749</u>	
Current liabilities	7	<u>(1,925,213)</u>		<u>(2,063,339)</u>	
Net current assets			2,626,548		2,537,410
Total assets less current liabilities			2,892,841		2,860,829
Non-current liabilities	8		<u>(57,971)</u>		<u>(115,942)</u>
Net assets attributable to members			<u>2,834,870</u>		<u>2,744,887</u>
Represented by:					
Loans and other debts due to members within one year	9				
Members' capital classified as a liability			1,600,000		1,600,000
Amounts due in respect of profits			1,234,870		1,144,887
			<u>2,834,870</u>		<u>2,744,887</u>

For the financial year ended 30 April 2023 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) relating to small limited liability partnerships.

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

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

The financial statements were approved by the members and authorised for issue on 24-11-23 and are signed on their behalf by:

Susan Glenholme

S C Glenholme
Designated member

Limited Liability Partnership Registration No. OC373542

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

Limited liability partnership information

Debenhams Ottaway LLP is a limited liability partnership incorporated in England and Wales. The registered office is , Ivy House, 107 St Peters Street, St Albans, Hertfordshire, AL1 3EW.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in December 2021, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Going concern

The members confirm that they are satisfied that the LLP has sufficient resources and bank facilities in place to meet their obligations as they fall due. This has been determined by a review of cash flow and profit forecasts. The LLP's diversified multi-disciplinary legal practice has helped mitigate any material uncertainty over the LLP's ability to continue as a going concern.

1.3 Revenue

Revenue from contracts for the provision of legal services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated mainly in relation to contractual hourly staff rates, by reference to costs incurred as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Unbilled revenue is included within debtors as accrued income.

When fee income is contingent and the contingent condition has not been met at the balance sheet date, it is included within work in progress and is valued at the lower of cost and net realisable value. Cost is arrived at on the basis of direct chargeable salary costs plus attributable overheads based on normal levels of activity.

1.4 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).

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

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	Over the period of the lease
Fixtures and fittings	15% - 33.3% reducing balance

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

1.6 Impairment of non-current assets

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

Derecognition of financial liabilities

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

1.9 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 non-current assets.

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

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

1.10 Retirement benefits and post retirement payments to members

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

The LLP operates a defined contribution pension scheme for its employees. The amount charged to the profit and loss account in respect of pension costs and other post retirements benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in creditors in the financial statements.

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

1 Accounting policies

(Continued)

1.11 Leases

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

2 Revenue

An analysis of the limited liability partnership's revenue is as follows:

	2023 £	2022 £
Revenue analysed by class of business		
Legal and professional services	9,850,198	9,337,271
	<u> </u>	<u> </u>
	2023 £	2022 £
Other significant revenue		
Interest income	427,222	71,922
Grants received	-	6,688
	<u> </u>	<u> </u>

3 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2023 Number	2022 Number
Total	108	109
	<u> </u>	<u> </u>

4 Members' remuneration

	2023 Number	2022 Number
Average number of members during the year	9	10
	<u> </u>	<u> </u>

	2023 £	2022 £
Profit attributable to the member with the highest entitlement	236,306	232,807
	<u> </u>	<u> </u>

	2023 £	2022 £
Members' remuneration comprises:		
Remuneration under participation rights	2,021,591	2,195,396
	<u> </u>	<u> </u>

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

5 Property, plant and equipment

	Leasehold improvements £	Fixtures and fittings £	Total £
Cost			
At 1 May 2022	522,579	988,382	1,510,961
Additions	5,953	14,303	20,256
At 30 April 2023	528,532	1,002,685	1,531,217
Depreciation and impairment			
At 1 May 2022	369,869	817,673	1,187,542
Depreciation charged in the year	31,064	46,318	77,382
At 30 April 2023	400,933	863,991	1,264,924
Carrying amount			
At 30 April 2023	127,599	138,694	266,293
At 30 April 2022	152,710	170,709	323,419

6 Trade and other receivables

	2023 £	2022 £
Amounts falling due within one year:		
Trade receivables	839,397	699,005
Other receivables	90,581	5,350
Prepayments	516,502	408,499
Accrued income	1,695,358	1,766,205
	3,141,838	2,879,059

7 Current liabilities

	2023 £	2022 £
Trade payables	472,002	284,477
Amounts due to retired partners	70,730	336,317
Other taxation and social security	357,691	370,180
Other payables	2,654	33,837
Accruals	1,022,136	1,038,528
	1,925,213	2,063,339

8 Non-current liabilities

	2023 £	2022 £
Amounts due to retired partners	57,971	115,942

DEBENHAMS OTTAWAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

9 Reconciliation of Members' Interests

	DEBT Loans and other debts due to members less any amounts due from members in debtors			TOTAL MEMBERS' INTERESTS
	Members' capital	Other amounts £	Total £	Total 2023 £
Members' interests at 1 May 2022	1,600,000	1,144,887	2,744,887	2,744,887
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	2,021,591	2,021,591	2,021,591
Members' interests after profit and remuneration for the year	1,600,000	3,166,478	4,766,478	4,766,478
Drawings	-	(1,931,608)	(1,931,608)	(1,931,608)
Members' interests at 30 April 2023	1,600,000	1,234,870	2,834,870	2,834,870

10 Loans and other debts due to members

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

11 Operating lease commitments

Lessee

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

	2023 £	2022 £
Within one year	313,500	283,500
Between two and five years	868,500	1,016,000
	<u>1,182,000</u>	<u>1,299,500</u>