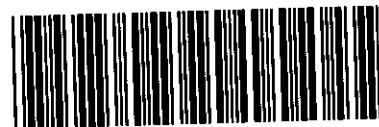




**Burgess Salmon LLP**  
**Annual Report and Financial Statements**  
**for the year ended 30 April 2023**

COMPANY REGISTRATION NUMBER: OC307212

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## **MEMBERS' REPORT AND FINANCIAL STATEMENTS**

For the year ended 30 April 2023

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## **DESIGNATED MEMBERS AND ADVISERS**

### **Designated Members**

The following were designated members at the date of signing this report:

Ross Fairley  
Ian Salter  
Chris Seaton  
Elizabeth Dunn  
Jeremy Dickerson  
Roger Bull  
David Hall  
Euan Bremner  
Richard Spink  
James Aveline  
Richard Read

### **Registered Office**

One Glass Wharf  
Bristol  
BS2 0ZX

### **Primary Bankers**

Lloyds Bank plc  
44-45 George White Street  
Bristol  
BS1 3BA

### **Independent Auditor**

PKF Francis Clark  
90 Victoria Street  
Redcliffe  
Bristol  
BS1 6DP

## **THE REPORT OF THE MEMBERS**

For the year ended 30 April 2023

The members present their annual report on the affairs of the Burges Salmon LLP Group, together with the consolidated financial statements and auditor's report for the year ended 30 April 2023.

### **Firm structure**

Burges Salmon LLP ("the LLP" and together with its subsidiaries "the Group") is a Limited Liability Partnership registered under the Limited Liability Partnerships Act 2000 in England and Wales.

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

The LLP has branches operating in London and Edinburgh as defined in Section 1046 (3) of the Companies Act 2006. The results of these branches are consolidated in these financial statements.

### **Business review and principal activities**

The principal activity of Burges Salmon LLP during the year was the provision of legal services. The LLP operates throughout the United Kingdom from its offices in Bristol, London and Edinburgh. In addition, a subsidiary of the LLP operates from offices in Dublin, Ireland providing services relating to Trade Marks. The LLP also works with a network of preferred independent law firms in other jurisdictions to provide international legal services to its United Kingdom and international client base.

The financial statements consolidate the accounts of Burges Salmon LLP and all its subsidiary undertakings (the 'Group'), drawn up to 30 April each year.

The members are satisfied with the performance for the financial year. The results for the year show an operating profit of £40,271,000 (2022: £42,650,000) and turnover of £128,232,000 (2022: £119,222,000).

Following a review of operational efficiency by the LLP, all employees and the majority of the assets and liabilities of Burges Salmon Company Limited were transferred to the LLP at the end of 30 April 2023. Burges Salmon Company Limited continues to trade providing certain limited services to the LLP.

### **Future developments**

The business has managed the impact of the uncertainty introduced by external factors such as Brexit and COVID-19 and the members remain satisfied that the Group is well positioned to respond to possible changes in demand and has appropriate resources and expertise to adapt to the changing requirements of its clients and its people. The Group will continue to monitor the position but it has no current plans to make any further changes to mitigate the risks. Levels of business remain strong and the growth in the business experienced in the year ended 30 April 2023 is expected to continue into the next financial year.

## **THE REPORT OF THE MEMBERS (continued)**

For the year ended 30 April 2023

### **Designated members**

The designated members (as defined in the Limited Liability Partnership Act 2000) who served during the year and up to the date of signing the financial statements are:

John Barnett (up to 30/04/2023)  
Paul Browne (up to 30/04/2023)  
Ross Fairley  
Ian Salter  
Chris Seaton  
Elizabeth Dunn  
Jeremy Dickerson  
Roger Bull  
David Hall  
Euan Bremner  
Richard Spink  
James Aveline (from 01/05/2023)  
Richard Read (from 01/05/2023)

### **Members' drawings**

Members receive monthly drawings and quarterly distributions during the financial year, which represent payments on account of current period profits. The level of the drawings and quarterly distributions are set at the beginning of each financial year, based on forecasted profit. The Board has discretion to withhold quarterly distributions if certain financial targets are not met. All profit distributions are paid to members net of a retention for tax. Tax retentions are paid directly to HM Revenue and Customs on the member's behalf.

Members also receive additional profit distributions after the year-end date, once the financial statements have been audited and the profit allocation has been finalised. This balance is paid within 12 months of the financial year end, subject to the working capital of the firm at the time.

### **Members' profit shares**

The profits of the LLP are allocated to members on a discretionary basis from time to time in accordance with the members' agreement. Final distributions are made after completion of the annual financial statements and at a time determined by the Partnership Committee. When the profit is allocated, it is transferred from equity of the LLP to debts due to members.

### **Members' capital**

The total of members' capital is agreed by the members collectively and contributed in profit-sharing ratios. On leaving, capital is repaid to members in accordance with the members' agreement.

### **Employees**

The LLP is committed to promoting equality and diversity in its own policies, practices and procedures and in those areas in which it has influence. This applies to the LLP's professional dealings with members and staff as well as clients, suppliers and other third parties.

### **Policy and practice on payment of creditors**

The LLP seeks to agree commercial payment terms with its suppliers and, provided performance is in accordance with the agreed terms, to make payment accordingly.

## **THE REPORT OF THE MEMBERS (continued)**

For the year ended 30 April 2023

### **Donations**

During the year the Group made charitable donations of £82,000 (2022: £92,000), of which £72,000 (2022: £74,000) was to support projects in the local community, and £10,000 (2022: £18,000) was donations in support of client and staff charitable fundraising activities.

The members also fund the Burges Salmon Charitable Trust and are proud of the LLP's corporate responsibility programme. A significant pro-bono contribution is made to local charitable and community organisations and support is provided to many Third Sector (Non-profit organisations each with a specific social goal) and community-related initiatives in the form of financial contributions, time commitment, use of assets, gifts and other assistance.

### **Statement of disclosure of information to auditor**

Each of the persons who is a member at the date of approval of this report confirms that:

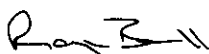
- so far as the member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 as applicable to limited liability partnerships.

### **Independent auditor**

PKF Francis Clark have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be reappointed as auditor.

Approved by the members on 15 September 2023 and signed on their behalf by:



**Roger Bull**  
Designated member



**Euan Bremner**  
Designated member

## ENERGY AND CARBON REPORT

For the year ended 30 April 2023

We have reported on all sources of Greenhouse Gas (GHG) emissions and energy usage as required under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended.

### Annual Reporting Figures

The GHG emissions and energy use data for the Group are as follows:

	01 Jan 2022 - 31 Dec 2022	01 Jan 2021 - 31 Dec 2021
	tonnes of CO <sub>2</sub> e	tonnes of CO <sub>2</sub> e
Total energy consumption used to calculate emissions (kWh)	3,507,128	3,020,116
Emissions from combustion of gas (Scope 1)	166	177
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 - Location Based)	668	551
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 - Market Based)	-	-
Emissions from business travel (Scope 3)	302	62
<b>Total gross tonnes CO<sub>2</sub>e based on above (Scope 2 - Location Based)</b>	<b>1,136</b>	<b>790</b>
<b>Total gross tonnes CO<sub>2</sub>e based on above (Scope 2 - Market Based)</b>	<b>468</b>	<b>239</b>
Headcount intensity metric - tonnes of CO <sub>2</sub> per Full Time Equivalent (Scope 2 - Location Based)	1.30	1.00
Headcount intensity metric - tonnes of CO <sub>2</sub> per Full Time Equivalent (Scope 2 - Market Based)	0.53	0.30

### Reporting Methodology

Scope 1 and 2 consumption and CO<sub>2</sub>e emission data has been calculated in line with UK Government environmental reporting guidance.

Conversion factors to derive emissions from demand come from the UK Government GHG reporting factors, 2022 edition.

Intensity metrics have been calculated utilising Full Time Equivalent (partners plus staff members) of 877 for the 2022 calendar year (2021: 787) and applying this to the whole Group's carbon emissions.

## ENERGY AND CARBON REPORT (continued)

For the year ended 30 April 2023

### Energy Efficiency Measures

The Group has an Environmental Management System (EMS) and is certified against ISO 14001:2015. This requires that executive management review the Group's EMS at planned intervals to ensure its continuing suitability, adequacy and effectiveness. The responsibility for the EMS review is delegated to the Group's Environment Committee. Management Reviews are periodic, with planned reviews to consider the long-term objectives as well as the importance of ongoing environmental initiatives for continual improvement. These reviews consider the results of internal and external audits, the ongoing environmental performance of the organisation, the extent to which targets and objectives have been met and the status of preventative and corrective actions.

The current policy includes the following:

1. Executive management commitment to environmental matters
2. Demonstration of compliance with applicable legislation and guidelines
3. Operation of our mature EMS to measure, manage and reduce the impact of our operations
4. Commitment to work with external stakeholders to reduce our indirect impact
5. Commitment to integrate awareness of environmental impact across the business
6. Report on our progress and be accountable
7. Engage in partnerships to support climate action at the community level as a key pillar of our Responsible Business activities.

The firm's overriding objectives are:

- **Net Zero:** Our near-term climate objective is to be Net Zero by 2026. We will achieve this by monitoring and reducing our impact on the environment year on year and by offsetting our annual residual emissions with a Carbon Offsetting investment (in relation to Scope 1 and 2 and Business Travel from Scope 3).
- **Science Based Target:** Our longer-term climate target is that we have Science Based Targets approved by the SBTi to reduce our carbon emissions by 50% by 2030 from a 2019 baseline year. This target is across all of Scope 1 and 2 emissions and all relevant categories of Scope 3. Our SBT was approved by the SBTi in July 2022.
- **Annual Objectives:** We have an annual Environmental Objectives plan (running from 2019 – 2023), targeting one of five impact areas each year. The focus for 2023 is Electricity and Gas.

We have a series of environmental initiatives to meet our overriding objectives, to measure, verify, report on and reduce our emissions:

- **Targets, Measuring and Reporting:**
  - Prepare and communicate Action Plans across our environmental performance measures (absolute and / or relative) by **September 2023**
  - Assess performance against Science Based Targets **Annually**
  - Complete our 2023 CDP submission by **July 2023 (complete)** and identify key improvement opportunities promptly after feedback received.
  - Obtain full assurance of key publicly reported environmental indicators including creating and embedding standard operating procedures by **December 2023**
  - Undertake TCFD Climate Risk & Opportunities Workshops with key stakeholders across the firm and review recommendations and agree implementation programme across Governance, Strategy, Risk Management and Targets by **December 2023**

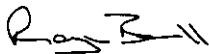


## ENERGY AND CARBON REPORT (continued)

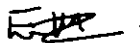
For the year ended 30 April 2023

### Energy Efficiency Measures (continued)

- **Sustainable Travel:**
  - Develop and adopt a sustainable **Business Travel Policy** by **September 2023**
  - Establish a method for collecting annual **commuting** data for all sites and implement by **December 2023**
- **Responsible Procurement**
  - Continue the Supplier Assurance Process to assess and record all improvements across Responsible Procurement and Sustainability areas of focus
  - Trial on site supplier audits from **July to September 2023**
  - Host a further online Supplier Engagement event in **August 2023** with a sustainable focus
- **Community Engagement:**
  - Engage with the *Improving Sustainability and the Environment* agenda as members of the Redcliffe and Temple Business Improvement District in Bristol
  - *Investigate opportunities for membership of Business Improvement Districts in Edinburgh and London by **July 2022** (complete) and continue to monitor position*
  - *Deliver a comprehensive programme on sustainability issues for our people through BSustainable*
- **2023 Focus on Energy & Gas:**
  - Complete Energy Audit to identify energy improvement initiatives for all buildings and report to Execom by **September 2023**
  - Maintain dialogue with our Landlords across all of our properties to investigate moving away from Gas.



**Roger Bull**  
Designated member



**Euan Bremner**  
Designated member

15 September 2023

## **MEMBERS' RESPONSIBILITIES STATEMENT**

For the year ended 30 April 2023

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the Group and of the profit or loss of the LLP and the Group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP 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 Group and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURGESS SALMON LLP**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Burgess Salmon LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in Members' Interests;
- the consolidated cash flow statement; and
- the related notes 1 to 19.

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).

### **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 group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

### **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 contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURGESS SALMON LLP (CONTINUED)**

### **Other information (continued)**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified how compliance with these laws and regulations is monitored by management and discussed the policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the LLP complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the LLP's ability to continue trading and the risk of material misstatement to the accounts.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURGESS SALMON LLP (CONTINUED)**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key incentive identified is to meet the expectations of the members and we determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates, particularly in relation to the valuation of accrued income.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Reviewing the Accountant's Report to the Solicitors Regulation Authority in relation to the firm's compliance with the SRA Accounts Rules 2019, together with the schedule of identified breaches.
- Reviewing employee payroll documentation in order to identify any cases of non-compliance with employment laws.
- Reviewing the LLP's GDPR policy and enquiring with the Data Protection Officer as to the occurrence and outcome of any reportable breaches.
- Undertaking a detailed review of management board meeting minutes and legal and professional costs to identify any possible non-compliance with laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing estimates and judgements made in the accounts for any indication of bias and challenging assumptions used by management in making the estimates. In relation to accrued income we compared management's estimates to the actual income recovered post year end. We looked to understand the process used by management to determine the accrued income balance in order to assess the potential for fraud via manipulation of the balance. As part of this we also reviewed the outcome of prior year estimates to check the accuracy of management's estimates in this area.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BURGESS SALMON 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.

*PKF Francis Clark*

Andrew Allen BSc FCA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

90 Victoria Street  
Redcliffe  
Bristol  
BS1 6DP

22 September 2023

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Turnover	3	128,232	119,222
Administrative expenses		(89,191)	(77,430)
Other operating income	3	1,230	858
Operating profit		40,271	42,650
Finance income / (costs) (net)	4	174	(189)
Profit before taxation, members' remuneration and profit shares	5	40,445	42,461
Tax on profit of subsidiaries	8	(716)	(497)
Profit before members' remuneration and profit shares		39,729	41,964
Members' remuneration charged as an expense		(315)	(167)
<b>Profit for the financial year available for discretionary division among members</b>		<b>39,414</b>	<b>41,797</b>

The Group's turnover and expenses all relate to continuing operations.

There has been no comprehensive income in the current or prior year other than the profit for that financial year and, accordingly, no separate statement of comprehensive income has been presented.

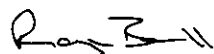
## CONSOLIDATED AND LLP BALANCE SHEETS

As at 30 April 2023


		Group		LLP	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Fixed assets</b>					
Intangible assets	9	227	435	227	-
Tangible assets	9	6,785	5,841	6,785	5,277
Investments	10	-	-	260	260
		<u>7,012</u>	<u>6,276</u>	<u>7,272</u>	<u>5,537</u>
<b>Current assets</b>					
Debtors	11	72,762	63,042	74,256	62,001
Cash at bank and in hand		18,169	28,957	13,607	25,173
		<u>90,931</u>	<u>91,999</u>	<u>87,863</u>	<u>87,174</u>
<b>Creditors:</b>					
Amounts falling due within one year	12	(18,820)	(17,610)	(16,143)	(12,388)
<b>Net current assets</b>		<u>72,111</u>	<u>74,389</u>	<u>71,720</u>	<u>74,787</u>
<b>Total assets less current liabilities</b>		<u>79,124</u>	<u>80,665</u>	<u>78,992</u>	<u>80,324</u>
<b>Creditors:</b>					
Amounts falling due after more than one year	13	(569)	(692)	(819)	(939)
		<u>78,554</u>	<u>79,973</u>	<u>78,173</u>	<u>79,385</u>
<b>Provisions for liabilities</b>	14	(8,853)	(9,331)	(8,853)	(9,224)
<b>Net assets attributable to members</b>		<u>69,701</u>	<u>70,642</u>	<u>69,320</u>	<u>70,161</u>
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Members' capital classified as a liability		22,335	21,592	22,335	21,592
Other amounts		6,433	5,834	6,433	5,834
		<u>28,768</u>	<u>27,426</u>	<u>28,768</u>	<u>27,426</u>
<b>Members' other interests</b>					
Other reserves classified as equity		40,933	43,216	40,552	42,735
		<u>69,701</u>	<u>70,642</u>	<u>69,320</u>	<u>70,161</u>
<b>TOTAL MEMBERS' INTERESTS</b>					
Amounts due from members	11	(14,671)	(14,271)	(14,671)	(14,271)
Loans and other debts due to members		28,768	27,426	28,768	27,426
Members' other interests		40,933	43,216	40,552	42,735
		<u>55,030</u>	<u>56,371</u>	<u>54,649</u>	<u>55,890</u>

The LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £39,514,000 (2022: £41,740,000).

The financial statements of Burgess Salmon LLP (registered number OC307212) were approved by the members and authorised for issue on 15 September 2023. They were signed on behalf of the LLP by:



**Roger Bull**  
Designated member



**Euan Bremner**  
Designated member



# **CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS**

For the year ended 30 April 2023

	Members' other interests	Loans and other debts due to / (from) members			Total
		Members' capital classified as a liability	Other amounts due to members	Amounts due from members	
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 May 2021</b>	<b>41,399</b>	<b>20,753</b>	<b>4,471</b>	<b>(12,198)</b>	<b>54,425</b>
Members' remuneration charged as an expense	-	-	167	-	167
Profit for the financial year available for discretionary division among members- being total comprehensive income	41,797	-	-	-	41,797
Members' interests after profit for the year	83,196	20,753	4,638	(12,198)	96,389
Allocation of prior year profit	(39,970)	-	27,772	12,198	-
Introduced by members	-	438	-	-	438
Repayments of capital	-	(341)	-	-	(341)
Drawings	-	-	(26,576)	(13,529)	(40,105)
Other movements	(10)	742	-	(742)	(10)
<b>Members' interests at 30 April 2022</b>	<b>43,216</b>	<b>21,592</b>	<b>5,834</b>	<b>(14,271)</b>	<b>56,371</b>
Members' remuneration charged as an expense	-	-	315	-	315
Profit for the financial year available for discretionary division among members- being total comprehensive income	39,414	-	-	-	39,414
Members' interests after profit for the year	82,630	21,592	6,149	(14,271)	96,100
Allocation of prior year profit	(41,796)	-	27,525	14,271	-
Introduced by members	-	458	-	-	458
Repayments of capital	-	(667)	-	-	(667)
Drawings	-	-	(27,241)	(13,620)	(40,861)
Other movements	99	952	-	(1,051)	-
<b>Members' interests at 30 April 2023</b>	<b>40,933</b>	<b>22,335</b>	<b>6,433</b>	<b>(14,671)</b>	<b>55,030</b>

Other amounts due to members represent divided profits not yet paid to members.

Other movements relate to loans that have been taken to increase members' capital.

# LLP STATEMENT OF CHANGES IN MEMBERS' INTERESTS

For the year ended 30 April 2023

	Members' other interests	Loans and other debts due to / (from) members			Total
		Members' capital classified as a liability	Other amounts due to members	Amounts due from members	
	£'000	£'000	£'000	£'000	£'000
<b>Members' interests at 1 May 2021</b>	<b>40,973</b>	<b>20,753</b>	<b>4,471</b>	<b>(12,198)</b>	<b>53,999</b>
Members' remuneration charged as an expense	-	-	167	-	167
Profit for the financial year available for discretionary division among members	41,740	-	-	-	41,740
Members' interests after profit for the year	82,713	20,753	4,638	(12,198)	95,906
Allocation of prior year profit	(39,813)	-	27,615	12,198	-
Introduced by members	-	438	-	-	438
Repayments of capital	-	(341)	-	-	(341)
Drawings	-	-	(26,419)	(13,694)	(40,113)
Other movements	(165)	742	-	(577)	-
<b>Members' interests at 30 April 2022</b>	<b>42,735</b>	<b>21,592</b>	<b>5,834</b>	<b>(14,271)</b>	<b>55,890</b>
Members' remuneration charged as an expense	-	-	315	-	315
Profit for the financial year available for discretionary division among members	39,513	-	-	-	39,513
Members' interests after profit for the year	82,248	21,592	6,149	(14,271)	95,718
Allocation of prior year profit	(41,740)	-	27,469	14,271	-
Introduced by members	-	458	-	-	458
Repayments of capital	-	(667)	-	-	(667)
Drawings	-	-	(27,185)	(13,675)	(40,860)
Other movements	44	952	-	(996)	-
<b>Members' interests at 30 April 2023</b>	<b>40,552</b>	<b>22,335</b>	<b>6,433</b>	<b>(14,671)</b>	<b>54,649</b>

Other amounts due to members represent divided profits not yet paid to members.

Other movements relate to loans that have been taken to increase members' capital.

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
<b>Net cash flows from operating activities</b>	15	<b>32,753</b>	<b>43,976</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible and intangible fixed assets		(2,845)	(2,181)
Interest received		426	11
<b>Net cash flows from investing activities</b>		<b>(2,419)</b>	<b>(2,170)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(52)	(7)
Payments to or on behalf of the members:			
- Drawings		(40,861)	(40,105)
- Repayments of capital		(667)	(341)
Capital contributions by members		458	438
<b>Net cash flows from financing activities</b>		<b>(41,122)</b>	<b>(40,015)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(10,788)</b>	<b>1,791</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>28,957</b>	<b>27,166</b>
<b>Cash and cash equivalents at end of year</b>		<b>18,169</b>	<b>28,957</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

### 1. ACCOUNTING POLICIES

#### a. General information and basis of accounting

Borges Salmon LLP ("the LLP") is incorporated in the United Kingdom and is registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the members' report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention 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 (SORP): Accounting by Limited Liability Partnerships (issued December 2018). The Group has applied the amendments to FRS 102 issued by the FRC in December 2017 and the sixth edition of the SORP with effect from 1 January 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatements of comparative information by the Partnership.

The functional currency of the LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to:

- financial instruments;
- presentation of a cash flow statement for the entity;
- intra-group transactions; and
- remuneration of key management personnel.

#### b. Basis of consolidation

The LLP's consolidated financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April each year.

BS Pensions Trustees Limited (Company Registration Number: 2682277), Borges Salmon (Northern Ireland) Limited (Company Registration Number: NI611307) and Borges Salmon (Scotland) Limited (Company Registration Number: SC484064), are exempt from audit under the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act which confers the entitlement to exemption from audit by parent guarantee.

#### c. Going concern

The LLP meets its day-to-day working capital requirements through the use of cash reserves. The Group prepares a detailed annual budget each year for the forthcoming financial year. The budget for this year has been determined based on an assessment of future Group income and it assumes an operational cost base at an appropriate level to support the budgeted income, plus some provision for continued investment in projects that are deemed critical for the development of the business. The profit and cash flow forecast has then been stress tested to assess the resilience of the business and to identify any applicable mitigating factors.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2023

### 1. ACCOUNTING POLICIES (continued)

#### c. Going Concern (continued)

The key drivers of going concern for the Group are the demand for its services and the consequential productivity of its fee earners plus the ability to recover fees from clients at agreed rates. The management of the Group have appropriate information available to it to monitor these drivers. The Group has a wide range of clients across a number of sectors and so it is not overly exposed to any section of the market.

The Group has continued to perform well during the first part of the 2023/24 financial year with trading and cash flow being in line with the levels budgeted.

Based upon their assessment of the Group's position described above, the members have a reasonable expectation that the LLP and the Group have adequate resources to continue in operational existence for the foreseeable future despite the current uncertain economic climate. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### d. Intangible fixed assets - software

Software is included at cost and amortised in equal annual instalments over its estimated useful economic life, as shown below. Provision is made for any impairment (see note 2).

Practice management system	3 to 10 years
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#### e. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property improvements	Life of the lease
Fixtures, fittings and equipment	2 to 10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### f. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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 Group after deducting all of its liabilities.

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.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 30 April 2023

### **1. ACCOUNTING POLICIES (continued)**

#### **f. Financial instruments (continued)**

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

Debt instruments which meet the conditions of FRS 102 section 11.9 are subsequently measured at amortised cost using the effective interest method.

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.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

#### **g. Investments**

In the LLP balance sheet, investments in subsidiaries and joint ventures and associates are measured at cost less impairment.

#### **h. Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### **i. Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 1. ACCOUNTING POLICIES (continued)

#### i. Impairment of assets (continued)

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where this effect is deemed material.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### j. Taxation

The taxation payable on the LLP profits is the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members. Consequently, neither LLP taxation nor related deferred taxation is accounted for in the 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 set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to corporate subsidiaries is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 30 April 2023

### **1. ACCOUNTING POLICIES (continued)**

#### **j. Taxation (continued)**

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **k. 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.

Members' capital contributions are determined by the members having regard, inter alia, to the working capital needs of the business. Individual members' capital contributions are set by reference to profit share proportions and are not repayable until the member retires.

Amounts due to members after more than one year comprise provisions for annuities to current members which are not repayable within 12 months of the balance sheet date.

#### **l. Divisible profits and members' remuneration**

The LLP 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.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges, the spreading of acquisition integration costs and the treatment of long leasehold interests are all items which may generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been included within other amounts in the balance sheet.

Profit shares which have not been allocated until after the balance sheet date are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

In the event of winding-up, loans and other debts due to members (excluding members' capital) rank equally with unsecured creditors; members' other interests and members' capital rank after unsecured creditors and no additional protection is afforded to creditors.

#### **m. Turnover**

Revenue for services represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 1. ACCOUNTING POLICIES (continued)

#### m. Turnover (continued)

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as amounts recoverable on contracts within debtors. Amounts recoverable on contracts are stated at fair value where the right to consideration has been obtained.

Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

#### n. Employee benefits

##### ***Retirement Benefits – Defined benefit scheme***

The LLP participates in the Cheviot Trust pension scheme, which is treated as a defined benefit scheme. The scheme assets are separate from those of the Group and are therefore not disclosed on its balance sheet.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Pension scheme assets are measured at fair value using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme surpluses are not recoverable and are therefore not recognised. Pension scheme deficits are recognised in full. The movement in the scheme surpluses/deficits other than cash contributed by the LLP are split between operating charges, finance items and actuarial gains and losses.

Further information is provided in note 17.

##### ***Retirement Benefits – Defined contribution scheme***

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Staff pension costs relating to the LLP's defined contribution schemes are charged to the profit and loss account when they become payable.

##### ***Accrued holiday not taken***

When employees have accrued holiday days which are in excess of the number of days taken, an amount equivalent to their daily rate is calculated and included as an accrual for each day accrued but not taken. This is included within accruals and deferred income.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 1. ACCOUNTING POLICIES (continued)

#### n. Employee benefits (continued)

##### *Annuity obligations*

Certain contractual arrangements exist under the terms of which certain former members are entitled to receive annuities following their retirement in respect of services rendered prior to their retirement.

Full provision is made for the present value of the expected liability in respect of these annuities to former members. Changes in the amount of the liability arising from changes in financial estimates and actuarial assumptions are recorded in the statement of total comprehensive income, together with the unwinding of any applicable discount. In the current year there was a provision of £2k at the year end (2022 - £40k)

#### o. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

#### p. Leases

##### *The Group as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where a transitional exemption has been taken under FRS 102 to spread them over a shorter period.

##### *The Group as lessor*

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### q. Provisions

Provision is made for the best estimate of expected losses from onerous contracts, in particular in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from sub-tenants.

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

The provision for claims represents the estimated cost to the Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

##### *Dilapidations provision on leasehold premises*

Where there is a requirement to return a leased premises to its original state at the end of the lease, a discounted provision is recognised, and an equivalent reinstatement asset. The asset is amortised over the term of the respective lease, and is shown within tangible fixed assets. The provision is adjusted for changes in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 30 April 2023

### **1. ACCOUNTING POLICIES (continued)**

#### **r. Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **s. Government grants**

Government grants are recognised, using the accruals method, when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate.

#### **t. Client funds**

As a legal practice operating within the United Kingdom, Borges Salmon LLP holds client funds in accordance with the rules of the Solicitors Regulation Authority. These funds are held separately from Borges Salmon LLP and are not reflected in the balance sheet.

### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the LLP's accounting policies, which are described in note 1, the members are required to make judgements, (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

#### **Critical estimates in applying the Group's accounting policies**

The following are the critical estimates that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### ***Revenue recognition – amounts recoverable on contracts***

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year-end, having regard to the Group's accounting policy for revenue recognition. When assessing the valuation the Group considers the work type, recoverability levels and the credit risk associated with the client.

#### ***Measurement of provisions***

The Group's provisions, as set out in note 14 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on management's best estimate of future cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### *Measurement of provisions (continued)*

Where there is a requirement to return a leased premises to its original state at the end of the lease, a discounted provision is recognised, and an equivalent reinstatement asset. The provision is based on an assessment carried out by an independent chartered building surveyor. This assessment is performed every three years with the last report performed in March 2021 with the next report due in March 2024.

Annuities payable to former members are stated as the present value of the best estimate of the expected liability.

#### *Impairment of debtors*

Invoices are raised as per client contracts. The recoverability of the resulting trade debtors based on ageing of debt and known or indicated poor payment or dispute is considered and a provision is held against these amounts where necessary.

#### **Key sources of judgements**

There are no key sources of critical judgement to report for the current or prior year.

### 3. TURNOVER

Turnover arises entirely in the United Kingdom and relates solely to the provision of legal services.

### 4. FINANCE COSTS (NET)

	2023 £'000	2022 £'000
<b>Interest receivable and similar income</b>		
Bank interest receivable	426	11
	<hr/>	<hr/>
<b>Interest payable and similar expenses</b>	2023 £'000	2022 £'000
Bank charges	51	8
Unwinding of discount on provisions (note 14)	201	192
	<hr/>	<hr/>
	252	200
	<hr/>	<hr/>
<b>Finance income / (costs) (net)</b>	174	(189)
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

## 5. PROFIT BEFORE TAXATION, MEMBERS' REMUNERATION AND PROFIT SHARES

Profit before taxation is stated after charging / (crediting):

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets (note 9)	1,863	1,366
Amortisation of intangible fixed assets (note 9)	208	212
Foreign exchange (gains)/losses	10	(238)
Loss on disposal of leasehold assets	19	-
Operating lease rentals – land & buildings	4,378	4,363

Depreciation, amortisation and foreign exchange losses are included within administrative expenses.

	2023 £'000	2022 £'000
Fees payable to Borges Salmon LLP's auditor and its associates for the audit of the Limited Liability LLP's annual accounts	50	81

### Fees payable to Borges Salmon LLP's auditor and its associates for other services to the Group

The audit of Borges Salmon LLP's subsidiaries	3	10
<b>Total audit fees</b>	<b>53</b>	<b>91</b>
Solicitor's Accounts rules compliance	30	45
Taxation compliance services	-	23
Consultancy services	5	40
<b>Total non-audit fees</b>	<b>35</b>	<b>108</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 6. STAFF COSTS

The average monthly number of employees on a headcount basis (excluding members) during the year was:

	2023	2022
By activity	Number	Number
Legal advisers	444	413
Support staff	432	395
	<b>876</b>	<b>808</b>

Staff costs for the above persons during the year were:

	2023	2022
	£'000	£'000
Wages and salaries	45,795	40,017
Social security costs	5,434	4,543
Other pension costs (note 17)	4,998	4,275
	<b>56,227</b>	<b>48,835</b>

"Other pension costs" includes only those items included within operating costs. Items reported elsewhere have been excluded. All employees were employed by Borges Salmon Company Limited for the 2022 and 2023 financial years. All employees were transferred to Borges Salmon LLP on 30 April 2023.

### 7. MEMBERS' REMUNERATION AND TRANSACTIONS

The basis on which profits are shared among members is set out in the principal accounting policies. The average monthly number of members during the year was:

	2023	2022
	Number	Number
Average number of members during the year	<b>106</b>	<b>96</b>

	2022	2022
	£'000	£'000
Average profit per member	<b>384</b>	<b>440</b>
Highest profit share of a continuing member	<b>559</b>	<b>620</b>

The average profit per member is calculated by dividing the profit for the financial year before taxation and members' remuneration, by the average number of members.

The highest profit share of a continuing member is calculated by taking the pre-tax profit attributable to the member with the largest entitlement to profit.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 8. TAX ON PROFIT OF SUBSIDIARIES

	2023 £'000	2022 £'000
<b>Current tax on profit</b>		
UK corporation tax	821	447
Irish corporation tax	1	5
<b>Total current tax</b>	<b>822</b>	<b>452</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(155)	68
Changes in rates	28	-
Prior year adjustment	20	(23)
<b>Total deferred tax (see note 14)</b>	<b>(107)</b>	<b>45</b>
<b>Total tax on profit</b>	<b>715</b>	<b>497</b>

The UK standard rate of tax applied to reported profit is 19.5 per cent (2022: 19 per cent) and the Irish standard rate of tax applied to reported profit is 12.5 per cent. There is no expiry date on timing differences. There are no unused tax losses or tax credits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK and Irish corporation tax to the profit before tax is as follows:

	2023 £'000	2022 £'000
<b>Profit before taxation</b>	<b>40,445</b>	<b>42,461</b>
Less: Amounts subject to personal taxation	(37,222)	(39,684)
<b>Profit subject to taxation</b>	<b>3,223</b>	<b>2,777</b>
 Tax on profit at standard UK corporation tax rate of 19.5 per cent (2022: 19 per cent)	 621	 523
Tax on profit at standard Irish corporation tax rate of 12.5 per cent	1	5
 Effects of:		
- Depreciation in excess of capital allowances	200	(76)
- Origination and reversal of timing differences	(155)	68
- Change in rates	28	-
- Prior year adjustment	20	(23)
<b>Total tax charge for period</b>	<b>715</b>	<b>497</b>

### Factors affecting the tax charge

From 1 April 2023 the enacted main rate of UK corporation tax changed from 19% to 25%.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

## 9. INTANGIBLE AND TANGIBLE FIXED ASSETS

### GROUP

	Intangible assets	Tangible assets		
	Practice management system £'000	Leasehold property improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>COST</b>				
At 1 May 2022	2,221	16,490	16,110	32,600
Additions	-	795	2,050	2,845
Disposals	(138)	(2,422)	(209)	(2,631)
<b>At 30 April 2023</b>	<b>2,083</b>	<b>14,863</b>	<b>17,951</b>	<b>32,814</b>
<b>ACCUMULATED AMORTISATION / DEPRECIATION</b>				
At 1 May 2022	1,786	13,803	12,956	26,759
Charge for the year	208	553	1,310	1,863
Released on disposal	(138)	(2,422)	(171)	(2,593)
<b>At 30 April 2023</b>	<b>1,856</b>	<b>11,934</b>	<b>14,095</b>	<b>26,029</b>
<b>NET BOOK VALUE</b>				
<b>At 30 April 2023</b>	<b>227</b>	<b>2,929</b>	<b>3,856</b>	<b>6,785</b>
At 30 April 2022	435	2,687	3,154	5,841

Where there is a requirement to return leased premises to their original state at the end of the leases, a discounted provision is included, together with an equivalent reinstatement asset. This asset is depreciated over the period of the respective lease, and is shown within the cost of Leasehold improvements. The depreciation of reinstatement assets during the year was £190,000 (2022: £190,000). This has no cash impact in these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

## 9. INTANGIBLE AND TANGIBLE FIXED ASSETS (continued)

### LLP

	Intangible assets	Tangible assets		
	Practice management system £'000	Leasehold property improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>COST</b>				
At 1 May 2022	-	16,490	15,455	31,945
Additions	-	795	1,558	2,353
Transfers	2,083	-	1,103	1,103
Disposals	-	(2,422)	(165)	(2,587)
<b>At 30 April 2023</b>	<b>2,083</b>	<b>14,863</b>	<b>17,951</b>	<b>32,814</b>
<b>ACCUMULATED AMORTISATION / DEPRECIATION</b>				
At 1 May 2022	-	13,803	12,865	26,668
Charge for the year	-	553	1,018	1,571
Transfers	1,856	-	340	340
Released on disposal	-	(2,422)	(128)	(2,550)
<b>At 30 April 2023</b>	<b>1,856</b>	<b>11,934</b>	<b>14,095</b>	<b>26,029</b>
<b>NET BOOK VALUE</b>				
<b>At 30 April 2023</b>	<b>227</b>	<b>2,929</b>	<b>3,856</b>	<b>6,785</b>
At 30 April 2022	-	2,687	2,590	5,277

Where there is a requirement to return leased premises to their original state at the end of the leases, a discounted provision is included, together with an equivalent reinstatement asset. This asset is depreciated over the period of the respective lease, and is shown within the cost of Leasehold improvements. The depreciation of reinstatement assets during the year was £190,000 (2022: £190,000). This has no cash impact in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 10. FIXED ASSET INVESTMENTS

#### Shares in group undertakings

	LLP	
	2023	2022
	£'000	£'000
Subsidiary undertakings at 30 April 2022 and 30 April 2023	260	260

Investments in subsidiary undertakings are measured at cost. No impairments have been recognised.

#### Group investments

The parent LLP has investments in the following subsidiary undertakings:

Name of company	Principal activity	Class of shares held	Proportion held by LLP
Borges Salmon Company Limited	Service company	Ordinary £1	100%
BS Pensions Trustees Limited (formerly Temple Trustees Limited)	Provision of pension trustee services	Ordinary £1	100%
Borges Salmon Trustees Limited	Dormant	Ordinary £1	100%
Borges Salmon Services Limited	Dormant	Ordinary £1	100%
Burwell Nominees Limited	Dormant	Ordinary £1	100%
NQH (Co. Sec.) Limited	Dormant	Ordinary £1	100%
NQH Limited	Dormant	Ordinary £1	100%
Narrow Quay Trustees Limited	Dormant	Ordinary £1	100%
Quayseco Limited	Dormant	Ordinary £1	100%
Borges Salmon Pension Trustees Limited	Dormant	Ordinary £1	100%
Wharfside Nominees Limited	Dormant	Ordinary £1	100%
BS Trustees Limited (formerly Temple Pension Trustees Limited)	Dormant	Ordinary £1	100%
Borges Salmon (Scotland) Limited	Provision of legal services in Scotland	Ordinary £1	100%
Borges Salmon IP Ireland Limited	Provision of trade mark services in Ireland	Ordinary €1	100%

All companies are held directly by Borges Salmon LLP. They are incorporated and registered in England and Wales with a registered address of One Glass Wharf, Bristol BS2 0ZX, except Borges Salmon IP Ireland Limited which is incorporated and registered in Ireland, with a registered address of The Greenway, 112-114 St Stephen's Street, Dublin 2, Dublin, D02TD28. The members believe that the carrying value of the investments is supported by their underlying net assets.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 10. FIXED ASSET INVESTMENTS (continued)

BS Pensions Trustees Limited (Company Registration Number: 2682277), Borges Salmon (Northern Ireland) Limited (Company Registration Number: NI611307) and Borges Salmon (Scotland) Limited (Company Registration Number: SC484064), are exempt from audit under the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act which confers the entitlement to exemption from audit by parent guarantee. No contingent liability has been disclosed because the members consider the possibility of the guarantee being called upon to be remote. Borges Salmon IP Ireland Ltd was incorporated on 2 November 2020 and its first reporting period was 30 April 2022. BS Pensions Trustees Limited had net assets of £102,000 at 30 April 2023 (2022: £102,000). Borges Salmon (Northern Ireland) Limited had net assets of £75 at 30 April 2023 (2022: £75). Borges Salmon (Scotland) Limited had net assets of £20 at 30 April 2023 (2022: £20). Borges Salmon IP Ireland Limited had net assets of £7,000 at 30 April 2023 (2022: £19,000).

Note that Burwell Nominees Limited and Wharfside Nominees Limited were dissolved as at 10th May 2022. All other dormant subsidiaries have taken advantage of the Companies Act 2006 Section 394A exemption from preparing individual accounts. These subsidiaries are exempt from the requirement to prepare individual accounts by virtue of this section.

### 11. DEBTORS: Amounts falling due within one year

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	39,215	32,938	39,187	32,878
Amounts recoverable on contracts	8,622	9,106	8,622	9,106
Amounts owed by subsidiary undertakings	-	-	1,641	412
Amounts due from members	14,671	14,271	14,671	14,271
Other debtors	690	745	660	651
Prepayments	9,564	5,982	9,475	4,683
	<b>72,762</b>	<b>63,042</b>	<b>74,256</b>	<b>62,001</b>

Amounts owed by subsidiary undertakings are unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 12. CREDITORS: Amounts falling due within one year

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	5,681	3,582	5,464	3,441
Corporation tax	572	255	-	-
Amounts owed to subsidiary undertakings	-	-	-	1,714
Other taxation and social security	5,740	5,232	4,228	3,866
Other creditors	386	275	376	259
Accruals and deferred income	6,441	8,266	6,075	3,108
	<b>18,820</b>	<b>17,610</b>	<b>16,143</b>	<b>12,388</b>

### 13. CREDITORS: Amounts falling due after more than one year

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts owed to subsidiary undertakings	-	-	250	250
Accruals and deferred income	569	692	569	689
	<b>569</b>	<b>692</b>	<b>819</b>	<b>939</b>

Amounts owed to subsidiary undertakings are unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 14. PROVISIONS FOR LIABILITIES

Group	Former members' annuities	Client claims provision	Property provisions	Deferred tax	Total
	£'000	£'000	£'000	£'000	£'000
At 1 May 2022	40	4,454	4,730	107	9,331
Increase in provision	-	-	-	-	-
Charged to profit and loss account	(16)	(358)	-	-	(374)
Utilisation of provision	-	(176)	-	(107)	(283)
Released unused	(22)	-	-	-	(22)
Interest charge for period	-	-	201	-	201
<b>At 30 April 2023</b>	<b>2</b>	<b>3,920</b>	<b>4,931</b>	<b>-</b>	<b>8,853</b>

LLP	Former members' annuities	Client claims provision	Property provisions	Total
	£'000	£'000	£'000	£'000
At 1 May 2022	40	4,454	4,730	9,224
Increase in provision	-	-	-	-
Charged to profit and loss account	(16)	(358)	-	(374)
Utilisation of provision	-	(176)	-	(176)
Released unused	(22)	-	-	(22)
Interest charge for period	-	-	201	201
<b>At 30 April 2023</b>	<b>2</b>	<b>3,920</b>	<b>4,931</b>	<b>8,853</b>

#### Former members' annuities

Annuities payable to former members are stated as the present value of the best estimate of the expected liability. The principal actuarial assumptions used in assessing the provision are around beneficiary age profile and survival rates.

#### Property provisions

Where there is a requirement to return a leased premises to its original state at the end of the lease, a discounted provision is recognised, and an equivalent reinstatement asset. This asset is depreciated over the period of the respective lease, and is shown within the cost of tangible fixed assets. It is expected that the majority of this expenditure will be incurred within 12 years of the balance sheet date.

Provision is also made for the value of foreseeable rental commitments in respect of surplus property, after offsetting expected sub-letting income. Surplus property includes premises which will become redundant as a result of steps to which the LLP is demonstrably committed. It is expected that the majority of this expenditure will be incurred within one year of the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 14. PROVISIONS FOR LIABILITIES (continued)

#### Client claims provisions

Client claims provision is the estimated cost of defending and concluding client claims. It is expected that the majority of this expenditure will be incurred within one and five years of the balance sheet date.

#### Deferred tax

Deferred tax is provided as follows:

	2023 £'000	2022 £'000
Accelerated capital allowances	-	107
<b>Provision for deferred tax</b>	<b>-</b>	<b>107</b>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

### 15. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2023 £'000	2022 £'000
Operating profit	40,271	42,650
Adjustment for:		
Depreciation and amortisation	2,072	1,578
Loss on disposal of leasehold assets	37	-
<b>Operating cash flow before movement in working capital</b>	<b>42,380</b>	<b>44,228</b>
(Increase)/decrease in amounts recoverable on contracts	483	(481)
(Increase)/decrease in debtors	(9,803)	(3,168)
Increase/(decrease) in creditors	772	2,761
Increase in provisions	(572)	1,034
<b>Cash generated by operations</b>	<b>33,260</b>	<b>44,374</b>
Income taxes paid	(507)	(398)
<b>Net cash from operating activities</b>	<b>32,753</b>	<b>43,976</b>

The movement in provisions excludes the addition of £200,000 (2022: £192,000) to the reinstatement provision.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 16. FINANCIAL COMMITMENTS

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

	<b>2023</b>	2022
	<b>Land and buildings £'000</b>	Land and buildings £'000
<b>Group</b>		
- within one year	5,831	5,731
- between one and five years	23,055	22,923
- after five years	9,086	14,545
	<b>37,972</b>	43,199
<b>LLP</b>		
- within one year	5,831	5,731
- between one and five years	23,055	22,923
- after five years	9,086	14,545
	<b>37,972</b>	43,199

In relation to the above commitments, some income is received for the sub-letting of unutilised space. Future minimum rental lease payments receivable under non-cancellable operating leases are as follows:

	<b>2023</b>	2022
	<b>Land and buildings £'000</b>	Land and buildings £'000
<b>Group and LLP</b>		
- within one year	1,259	758
- between one and five years	4,832	4,883
- after five years	2,213	3,424
	<b>8,304</b>	9,065

### 17. RETIREMENT BENEFITS

#### Defined contribution schemes

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Defined contribution schemes – charge to profit and loss account	4,998	4,275
Amounts outstanding or prepaid at the year-end	-	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 17. RETIREMENT BENEFITS (continued)

#### Defined benefit schemes

The LLP participates in the Cheviot Trust pension scheme. Historically the With Profits section of the Cheviot Trust has always been understood by employers, members and trustees to be a money purchase arrangement. This understanding was confirmed by the Supreme Court in 2011. The entity cannot be liable to the plan for other entities pension obligations.

The government introduced a change in the definition of money purchase benefits in the Pension Act 2011 with retrospective effect to January 1997. The new definition came into effect from 24 July 2014. The change brought certain benefits, called cash balance, within the scheme-specific funding regime for the first time. The effect of this was to impose funding obligations on participating employers by treating the With Profits Section like a defined benefit scheme.

For With Profits Employers who participated in the With Profits Section at the end of 2002, the impact of the change is to bring them within the ambit of Part 3 of the Pensions Act 2004 and therefore make them subject to statutory funding obligations in respect of the With Profits Section. This may lead to employers being required to make further general contributions to the With Profits section either on an ongoing basis or as an "employer debt" should the With Profits section wind up or if the employer suffers an insolvency event.

Financial Reporting Standard FRS 102 covers the treatment of defined benefit pension schemes in LLP financial statements, and we are required to report on the With Profits Section of the Cheviot Pension in line with this standard. A funding valuation was undertaken at 30 April 2023, and showed the following funding position.

	As at 30 April 2023 (£m)	As at 30 April 2022 (£m)
Total estimated cost of providing benefits	68.5	78.5
Total assets	64.2	80.1
Surplus / (deficit)	(4.3)	1.6
Funding level	94%	102%

The Scheme's actuaries have also provided the figures below for Burgess Salmon LLP as at 30 April 2023.

	2023 £'000	2022 £'000
Estimated cost of Burgess Salmon LLP's share of benefits	820	940
Estimated surplus / (deficit)	(51)	19

As this deficit is not material, it has not been included within the balance sheet.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2023

### 17. RETIREMENT BENEFITS (continued)

#### Defined benefit schemes (continued)

These results have been prepared on a central basis, compliant with FRS102, as detailed below.

	2023	2022
<b>Assumptions</b>		
Discount rate	4.90%	3.10%
RPI inflation	3.40%	4.35%
CPI inflation	2.40%	3.35%
Pension increases - fixed 3%	3.00%	3.00%
Pension increases - CPI (0,5)	2.40%	3.25%
Pension increases - CPI (0,3)	2.10%	2.55%
Mortality	106% (males) / 99% (females) of S2PA tables – CMI improvements (CMI_2020) with a 1.5% long-term rate and initial addition of 0.3%	
Expenses	No allowance	
<b>Benefits valued</b>		
Accrued interest	Yes	
Final bonus on pre-88 funds	Yes (at 29%)	
Accrued bonus	Yes	
Future guaranteed interest	Yes	
Other future bonuses	No	

### 18. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel in the period was £5,971,000 (2022: £6,106,000). Key management personnel have been determined to be the designated members in place for the year.

Burgess Salmon LLP has entered into undertakings with providers of finance to members, not to repay capital balances to members until the associated debt has been satisfied.

### 19. CONTROLLING PARTY

The LLP is controlled by its members and as such there is no one controlling party.