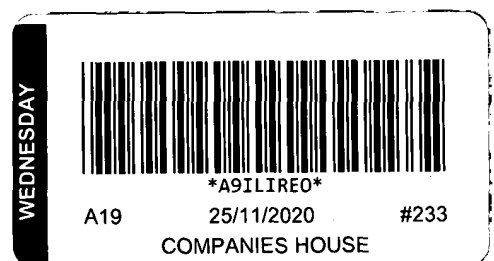


Registered number: OC328775

Kreston Reeves LLP

Annual report and financial statements

For the year ended 31 May 2020



Kreston Reeves LLP

Information

Designated Members

N Fright, Managing Partner

MJ Attwood

T Barnett

IG Burrows

GJ Clipsham

M Cook

AM Dwyer

MKR Dyer

SG Ediss

B Elkins

DJ Grainge

AJQ Griggs

J-A Haulkham

RW Heasman

G Hicks

PD Hudson

G Hunt

DW Hurst

AJF Jones

GHJ Jones

S Jordan

SPJ Kirkham

PM Lansberry

TPW Levey

TM Maakestad

PAR Manser

SN Miles

AR Moyle

M O'Brien

K Ondhia

LE Parry

JC Parsons

JA Peach

AJ Pearce

AJ Pinner

CN Relf

SM Robinson

PK Roe

SM Rouse

RL Sellers

OS Skinner

DM Spofforth

RCPP Spofforth

J Standing

RM Sutton

SP Tanner

AJ Tate

CJ Took

DR Turner

TB Wachter

A Wallis

SL Webber

JC Williamson

Kreston Reeves LLP

Information

Advisers (continued)

LLP registered number	OC328775
Registered office	37 St Margaret's Street Canterbury Kent CT1 2TU
Independent auditors	Clive Owen LLP Statutory Auditor Chartered Accountants 140 Coniscliffe Road Darlington Co Durham DL3 7RT
Bankers	Barclays Bank plc 30 Tower View Kings Hill West Malling Kent ME19 4WA

Kreston Reeves LLP

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Kreston Reeves LLP

Members' report incorporating the Energy and Carbon Report For the year ended 31 May 2020

The members present their annual report together with the audited consolidated financial statements of Kreston Reeves LLP (the "LLP and the Group") for the year ended 31 May 2020.

Principal activities

The principal activities of the LLP and the Group are the provision of a full range of professional advisory services.

Business review

Group turnover was £39.2m for the year ended 31 May 2020, a 4% increase on the prior year. Overall this was a very good result and predominantly reflects excellent trading in the first nine months of the year. Turnover was adversely affected by the impact of the Covid-19 pandemic and lockdown, albeit our well-dispersed client base and the flexibility of our staff and operating model enabled us to minimise the cost of the disruption.

Profit before tax for the year was £10.3m, £1.1m higher than last year. The favourable turnover variance was partially offset by higher staff costs.

We should like to extend our thanks to all of our staff for their continued hard work and commitment to the firm.

Designated Members

N Fright, NJ Alder, MJ Attwood, T Barnett, IG Burrows, M Cook, GJ Clipsham, AM Dwyer, MKR Dyer, SG Ediss, B Elkins, DJ Grainge, AJQ Griggs, J-A Haulkham, RW Heasman, G Hicks, PD Hudson, G Hunt, DW Hurst, AJF Jones, GH Jones, S Jordan, SPJ Kirkham, PM Lansberry, TPW Levey, TM Maakestad, PAR Manser, SN Miles, AR Moyle, M O'Brien, K Ondhia, LE Parry, JC Parsons, JA Peach, AJ Pearce, AJ Pinner, CN Relf, SM Robinson, PK Roe, SM Rouse, RL Sellers, OS Skinner, DM Spofforth, RCPP Spofforth, J Standing, RM Sutton, SP Tanner, AJ Tate, CJ Took, DR Turner, TB Wachter, SL Webber and JC Williamson were designated members of the LLP and the Group throughout the period.

A Wallis was appointed as a designated member on 26 May 2020.

NJ Alder resigned as a designated member on 31 May 2020.

It is with great sadness that we report that one of our members, a colleague and friend, Janet Fautley suddenly passed away on 24 September 2019. We would like to acknowledge her contribution to the firm, the profession and her local community over the past 22 years.

Members' report incorporating the Energy and Carbon Report (continued)
For the year ended 31 May 2020

Members' capital and interests

Members are required to contribute a proportion of the capital. The capital requirements are determined by the members having regard to the short, medium and long term needs of the Group.

Members are remunerated from the profits of the Group and are required to make their own provision for pensions and other benefits. The allocation of profits to members occurs regularly throughout the year, such that on approval of the annual financial statements, all profit realised by the Group in the relevant period has been allocated to members.

Members are permitted to draw a proportion of their profit shares monthly net of a tax retention. Additional drawings are made at six monthly intervals subject to the cash requirements of the Group. Tax retentions are paid to HM Revenue & Customs on behalf of the members when they fall due for payment with any excess released to the members as appropriate.

Members' capital is repaid on or after retirement and is classified as equity in accordance with the provisions of Statement of Recommended Practice, Accounting by Limited Liability Partnerships (revised 2018).

Greenhouse gas emissions, energy consumption and energy efficiency report

The Group's greenhouse gas emissions and energy consumption for the year are 336t CO₂e.

This is made up from:

Emissions from combustion of gas: 41 tCO₂e
Emissions from purchase of electricity: 157 tCO₂e
Emissions from business travel: 138 tCO₂e

Total energy consumption: 1,414,656 kWh

The greenhouse gas emissions estimates are calculated to cover all material sources of emissions for which Kreston Reeves LLP is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

This calculation covers all Kreston Reeves LLP's UK operations that are consolidated in the financial statement and the offices leased to conduct these operations. Raw data in the form of invoices, Landlord recharges and spreadsheets has been collected from Kreston Reeves LLP's portfolio. Where data was not available, energy consumption was calculated using pro-rata extrapolation of available data. Pro-rata extrapolation was deemed as appropriate as for most sites, over 75% of the annual data was from invoices and the extrapolation only needed to fill data gaps that made up 25% or less of the total energy for the reporting period. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2019.

The intensity ratio (tCO₂e per square metre of gross floor area) is 0.07.

**Members' responsibilities statement
For the year ended 31 May 2020**

The members are responsible for preparing the annual report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group will continue in business.

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

The members are responsible for the maintenance and integrity of the LLP and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members' report incorporating the Energy and Carbon Report (continued)
For the year ended 31 May 2020

Disclosure of information to auditors

Each of the persons who are members at the time when this Members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the Group's auditors are unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This report, incorporating the Group Energy and Carbon Report was approved by the members on 21 September 2020 and signed on their behalf by:

N. Fright

N Fright
Designated member

Kreston Reeves LLP

Independent auditors' report to the members of Kreston Reeves LLP

Opinion

We have audited the financial statements of Kreston Reeves LLP (the 'parent LLP') and its subsidiaries (the 'Group') for the year ended 31 May 2020, which comprise the Group Statement of comprehensive income, the Group and LLP Balance sheets, the Group Statement of cash flows, the Group and LLP Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent LLP's affairs as at 31 May 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The members are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

Kreston Reeves LLP

Independent auditors' report to the members of Kreston Reeves LLP (continued)

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

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

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

Responsibilities of members

As explained more fully in the Members' responsibilities statement on page 4, 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 LLP'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 LLP or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Kreston Reeves LLP (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the parent LLP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Group's and the parent LLP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kreston Reeves LLP

Independent auditors' report to the members of Kreston Reeves LLP (continued)

Use of our report

This report is made solely to the LLP's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.



Antony Luckett BCom BFP FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Statutory Auditor
Chartered Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

21 September 2020

Kreston Reeves LLP

Consolidated statement of comprehensive income For the year ended 31 May 2020

	Note	2020 £	2019 £
Turnover		39,186,753	37,615,714
Other operating income	4	392,401	136,907
Other external charges		(8,895,499)	(8,938,744)
Staff costs		(19,517,112)	(18,859,715)
Depreciation and amortisation		(847,275)	(793,408)
Operating profit	5	10,319,268	9,160,754
Interest receivable and similar income	9	2,087	10,548
Interest payable and expenses	10	(52,456)	(40,291)
Profit before tax		10,268,899	9,131,011
Tax on profit	11	(339,715)	(362,725)
Profit for the year before members' remuneration and profit shares		9,929,184	8,768,286
Members' remuneration charged as an expense		-	-
Profit for the financial year available for discretionary division among members		9,929,184	8,768,286
Profit for the year attributable to:			
Owners of the parent LLP		9,929,184	8,768,286

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP
Registered number: OC328775

Consolidated balance sheet
As at 31 May 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	5,484,490	5,923,777
Tangible assets	14	3,204,056	3,165,385
		8,688,546	9,089,162
Current assets			
Stocks	16	36,129	36,129
Debtors: amounts falling due within one year	17	13,177,455	13,243,182
Cash at bank and in hand	18	4,062,761	505,758
		17,276,345	13,785,069
Creditors: amounts falling due within one year	19	(7,236,293)	(5,073,012)
Net current assets		10,040,052	8,712,057
Total assets less current liabilities		18,728,598	17,801,219
Creditors: amounts falling due after more than one year	20	(1,317,686)	(1,381,258)
Provisions for liabilities			
Other provisions	22	(20,000)	(20,000)
		(20,000)	(20,000)
Net assets		17,390,912	16,399,961

Consolidated balance sheet (continued)
As at 31 May 2020

	Note	2020 £	2019 £
Capital and reserves			
Loans and other debts due to members within one year			
Other amounts	23	2,443,115	2,658,803
Members' other interests			
Members' capital classified as equity	24	7,342,466	7,249,091
Other reserves classified as equity	24	7,605,331	6,492,067
		<u>14,947,797</u>	<u>13,741,158</u>
		<u>17,390,912</u>	<u>16,399,961</u>
Total members' interests			
Loans and other debts due to members	23	2,443,115	2,658,803
Members' other interests	24	14,947,797	13,741,158
		<u>17,390,912</u>	<u>16,399,961</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 21 September 2020.

N. Fright

N Fright
Designated member

SM Rouse

SM Rouse
Designated member

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP
Registered number: OC328775

LLP balance sheet
As at 31 May 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	4,246,510	4,576,680
Tangible assets	14	3,196,766	3,156,584
Investments	15	29,923	29,923
		<u>7,473,199</u>	<u>7,763,187</u>
Current assets			
Stocks	16	35,629	35,629
Debtors: amounts falling due within one year	17	12,870,319	13,822,569
Cash at bank and in hand	18	3,329,201	8,660
		<u>16,235,149</u>	<u>13,866,858</u>
Creditors: amounts falling due within one year	19	(7,080,567)	(5,675,213)
Net current assets		<u>9,154,582</u>	<u>8,191,645</u>
Total assets less current liabilities		<u>16,627,781</u>	<u>15,954,832</u>
Net assets		<u><u>16,627,781</u></u>	<u><u>15,954,832</u></u>

LLP balance sheet (continued)
As at 31 May 2020

	Note	2020 £	2019 £
Capital and reserves			
Loans and other debts due to members within one year			
Other amounts	23	2,443,115	2,658,803
Members' other interests			
Members' capital classified as equity	24	7,342,466	7,249,091
Other reserves classified as equity	24	6,842,200	6,046,938
		<u>14,184,666</u>	<u>13,296,029</u>
		<u>16,627,781</u>	<u>15,954,832</u>
Total members' interests			
Loans and other debts due to members	23	2,443,115	2,658,803
Members' other interests	24	14,184,666	13,296,029
		<u>16,627,781</u>	<u>15,954,832</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 21 September 2020.

N Fright

N Fright
Designated member

SM Rouse

SM Rouse
Designated member

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP

Consolidated statement of changes in equity For the year ended 31 May 2020

	Members' capital (classified as equity) £	Other reserves £	Merger reserve £	Total equity £
At 1 June 2018	7,408,555	5,105,504	4,412,340	16,926,399
Comprehensive income for the year				
Profit for year for discretionary division among members	-	8,768,286	-	8,768,286
Allocated profit	-	(11,794,063)	-	(11,794,063)
Contributions by and distributions to members				
Capital introduced by members	170,000	-	-	170,000
Capital amounts repaid to members	(329,464)	-	-	(329,464)
Transfers between reserves	-	245,130	(245,130)	-
At 1 June 2019	7,249,091	2,324,857	4,167,210	13,741,158
Comprehensive income for the year				
Profit for year for discretionary division among members	-	9,929,184	-	9,929,184
Allocated profit	-	(8,815,920)	-	(8,815,920)
Contributions by and distributions to members				
Capital introduced by members	220,000	-	-	220,000
Capital amounts repaid to members	(126,625)	-	-	(126,625)
Transfers between reserves	-	245,130	(245,130)	-
At 31 May 2020	7,342,466	3,683,251	3,922,080	14,947,797

Members' capital

This represents the nominal value of equity capital that has been introduced by the members of the LLP.

Other reserves

This reserve comprises profits generated by the Group which have not been allocated to members by the balance sheet date.

Merger reserve

This non-distributable reserve represents the difference between the fair value of assets and liabilities acquired on business combinations, and the value of members' interests assumed by the Group. This is equivalent to the fair value adjustments recognised on business combinations which arise from the recognition of intangible assets, and the reserve is stated after deduction of accumulated amortisation provided for in respect of these assets.

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP

LLP statement of changes in equity For the year ended 31 May 2020

	Members' capital (classified as equity) £	Other reserves £	Merger reserve £	Total equity £
At 1 June 2018	7,408,555	5,249,838	3,984,377	16,642,770
Comprehensive income for the year				
Profit for year for discretionary division among members	-	8,606,786	-	8,606,786
Allocated profit	-	(11,794,063)	-	(11,794,063)
Contributions by and distributions to members				
Capital introduced by members	170,000	-	-	170,000
Capital amounts repaid to members	(329,464)	-	-	(329,464)
Transfer between reserves	-	221,354	(221,354)	-
At 1 June 2019	7,249,091	2,283,915	3,763,023	13,296,029
Comprehensive income for the year				
Profit for year for discretionary division among members	-	9,611,182	-	9,611,182
Allocated profit	-	(8,815,920)	-	(8,815,920)
Contributions by and distributions to members				
Capital introduced by members	220,000	-	-	220,000
Capital amounts repaid to members	(126,625)	-	-	(126,625)
Transfer between reserves	-	221,354	(221,354)	-
At 31 May 2020	7,342,466	3,300,531	3,541,669	14,184,666

Members' capital

This represents the nominal value of equity capital that has been introduced by the members of the LLP.

Other reserves

This reserve comprises profits generated by the LLP which have not been allocated to members by the balance sheet date.

Merger reserve

This non-distributable reserve represents the difference between the fair value of assets and liabilities acquired on business combinations, and the value of members' interests assumed by the LLP. This is equivalent to the fair value adjustments recognised on business combinations which arise from the recognition of intangible assets, and the reserve is stated after deduction of accumulated amortisation provided for in respect of these assets.

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP
**Consolidated statement of cash flows
For the year ended 31 May 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	9,929,184	8,768,286
Adjustments for:		
Amortisation of intangible assets	439,287	442,287
Depreciation of tangible assets	381,932	342,913
Loss on disposal of tangible assets	71,056	8,208
Interest paid	52,456	40,291
Interest received	(2,087)	(10,548)
Taxation charge	339,715	362,725
Decrease/(increase) in debtors	65,727	(489,889)
Increase in creditors	2,287,498	218,623
Corporation tax (paid)	(399,652)	(432,082)
Net cash generated from operating activities before transactions with members	<u>13,165,116</u>	<u>9,250,814</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(15,000)
Purchase of tangible fixed assets	(506,867)	(415,179)
Sale of tangible fixed assets	15,208	-
Interest received	2,087	10,548
Net cash used in investing activities	<u>(489,572)</u>	<u>(419,631)</u>
Cash flows from financing activities		
Repayment of other loans	(18,000)	-
Interest paid	(52,456)	(40,291)
Members' capital contributed	220,000	170,000
Members' capital repaid	(126,625)	(329,464)
Distribution paid to members	(9,031,608)	(10,025,986)
Net cash used in financing activities	<u>(9,008,689)</u>	<u>(10,225,741)</u>
Net increase/(decrease) in cash and cash equivalents	3,666,855	(1,394,558)
Cash and cash equivalents at beginning of year	395,906	1,790,464
Cash and cash equivalents at the end of year	<u>4,062,761</u>	<u>395,906</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,062,761	505,758
Bank overdrafts	-	(109,852)
	<u>4,062,761</u>	<u>395,906</u>

The notes on pages 17 to 38 form part of these financial statements.

Kreston Reeves LLP

Notes to the financial statements For the year ended 31 May 2020

1. General information

Kreston Reeves LLP is a limited liability partnership incorporated in England & Wales. The registered office is 37 St Margaret's Street, Canterbury, Kent, CT1 2TU, with seven other offices located in London and the South East of England. The principal activities are the provision of a full range of professional advisory services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The Group and LLP's functional and presentation currency is pounds sterling. The financial statements are presented to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The LLP has taken advantage of the following disclosure exemption in preparing its individual financial statements, as permitted by FRS 102:

- the requirement to present a statement of cash flows for the LLP.

2.3 Basis of consolidation

The consolidated financial statements present the results of the LLP and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**Notes to the financial statements
For the year ended 31 May 2020**

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a going concern basis.

At the year end date the UK was in lockdown as a result of the Covid-19 pandemic. The Group successfully maintained continuous operational capability throughout the financial year with almost all colleagues working effectively from home from mid-March.

The impact of the pandemic on the Group's revenue will be a reflection of the impact it has had on our clients, who we continue to support. Our client base is well dispersed, with a high proportion of recurring compliance work and a moderate exposure to those market sectors that have been significantly affected by the pandemic. Nonetheless, the Group's revenue was adversely affected in the final three months of the year including an element of work being deferred.

The Management Board has considered several adverse financial scenarios, has accessed relevant government support schemes, continues to closely monitor the client base and take difficult decisions to ensure the Group continues to be in operational existence whilst continuing to provide employment.

In all plausible downside scenarios the Members have no reason to believe that the Group would not be able to continue trading for the foreseeable future.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, including services provided to clients which at the reporting date have not been billed, and excluding value added tax. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the financial statements
For the year ended 31 May 2020**

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Taxation

Taxation on all profits of the LLP is solely the liability of the members. Consequently neither taxation nor related deferred taxation arising in respect of the LLP are accounted for in these financial statements.

The companies dealt with in these consolidated financial statements are subject to corporation tax based on their profits for the accounting period. The tax liabilities and any deferred taxation of these companies are recorded in the Consolidated statement of comprehensive income under the relevant heading and any related liability is carried as a creditor in the Consolidated balance sheet.

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the LLP and the Group operate and generate income.

**Notes to the financial statements
For the year ended 31 May 2020**

2. Accounting policies (continued)

2.13 Intangible assets, including goodwill

The LLP and the Group have recognised client relationships acquired on business combinations as an intangible asset. Client relationships are initially recognised at their fair value. After initial recognition, under the cost model, client relationships are measured at cost less accumulated amortisation and any impairment losses. Client relationships are amortised on a straight line basis over their estimated useful lives, which have been determined to be between 10 and 20 years.

Goodwill represents the difference between the fair value of the consideration payable on the acquisition of a business and the fair value of its identifiable assets and liabilities at the date of acquisition. As with client relationships, following initial recognition goodwill is measured at cost less accumulated amortisation and any impairment losses. Goodwill is amortised on a straight line basis over its estimated useful life, which has been determined to be between 10 and 20 years.

At each reporting date the LLP assesses whether there is any indication of impairment. If any such indication exists the recoverable amount of intangible assets, including goodwill, is determined which is the higher of their net realisable value and their value in use. An impairment loss is recognised where the carrying value exceeds the recoverable amount.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land	- nil
Freehold buildings	- 25 years straight line
Improvements to property	- lower of lease term or 15 years straight line
Fixtures & fittings	- 10 years straight line
Computer equipment	- 3 - 15 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed; and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The designated members consider that the residual value of property is such that any provision for depreciation would not be material, and accordingly no depreciation has been recognised in respect of freehold property.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**Notes to the financial statements
For the year ended 31 May 2020**

2. Accounting policies (continued)

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for slow moving and obsolete items. Cost includes all direct costs and an appropriate proportion of overheads.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

A provision is made, based on previous experience, for commissions received on indemnity terms which may have to be refunded to the provider.

**Notes to the financial statements
For the year ended 31 May 2020**

2. Accounting policies (continued)

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**Notes to the financial statements
For the year ended 31 May 2020**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the designated members to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates. The following judgments have had the most significant impact on amounts recognised in the financial statements:

Lease commitments

The Group has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the designated members to consider whether the terms and conditions of each lease are such that the Group has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the Group's key sources of estimation uncertainty:

Revenue on service contracts

In determining revenue on client assignments it is necessary for the Group to make certain estimates as to the stage of completion of those assignments. In doing so the Group estimates the remaining time and additional costs to be incurred in completing the assignments, and the client's ability to pay for the services being provided.

A different assessment of these estimates could result in a different value being determined for revenue, and also for the value of unbilled client work being carried in the balance sheet.

Intangible assets, including goodwill

The Group has recognised client relationships and goodwill arising from business combinations with a carrying value of £5,484,490 at the reporting date (see note 13). The Group has taken advantage of the exemption available in FRS102 from restating the goodwill arising on business combinations arising prior to the date of transition to FRS102.

The fair value of client relationships acquired on business combinations involved the use of valuation techniques to estimate the future level of profitability expected to arise from those relationships. On acquisition, the Group determines a reliable estimate of the useful economic life of goodwill and other intangible assets based upon factors such as the expected use of the acquired business, forecasts of expected future results and cash flows, and expected client attrition rates, as well as any legal, regulatory or contractual provisions that can limit useful life.

At each subsequent reporting date the designated members consider whether there are any factors such as changes in market conditions that indicate a need to reconsider the useful life of goodwill and other intangible assets.

Where an indication of impairment is identified it is necessary to estimate the recoverable value of intangible assets. This requires estimation of both the net realisable value of the Cash Generating Unit (CGU) to which the assets belong, and their value in use. The principal estimates used in this determination are the future cash flows the CGU's are expected to generate and also the selection of appropriate discount rates in order to calculate the net present values of those cash flows.

Notes to the financial statements
For the year ended 31 May 2020

3. Judgments in applying accounting policies (continued)

Freehold property

The Group has recognised freehold property with a carrying value of £1,700,875 at the reporting date (see note 14). The accounting policy adopted by the Group requires that these assets are stated at their cost less provision for depreciation and impairment. At acquisition the Group determines reliable estimates for the useful life of the property and its residual value. These estimates are based upon such factors as the expected use of the property and market conditions. At subsequent reporting dates the designated members consider whether there are any factors such as changes in market conditions that indicate a need to reconsider the estimates used.

Based upon their estimates, the designated members have concluded that the residual value of property is such that any provision for depreciation would not be material, and accordingly no depreciation has been recognised in respect of freehold property.

4. Other operating income

	2020 £	2019 £
Net rents receivable	33,654	36,907
Government grants receivable	358,747	-
Sundry income	-	100,000
	<u>392,401</u>	<u>136,907</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Other operating lease rentals	867,464	901,642
(Profit)/loss on sale of assets	<u>71,056</u>	<u>8,208</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>22,500</u>	<u>22,500</u>

Auditors' fees for the LLP were £17,500 (2019 - £17,500).

Notes to the financial statements
For the year ended 31 May 2020

7. Employees

Staff costs, including members' remuneration, are set out below. These include those costs of members receiving salary and bonuses under contracts of employment or service contracts with subsidiary undertakings but exclude amounts in respect of members receiving an allocation of profit from Kreston Reeves LLP.

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Wages and salaries	17,176,181	16,655,847	15,987,215	15,598,269
Social security costs	1,450,055	1,465,960	1,350,115	1,374,831
Cost of defined contribution scheme	890,877	737,908	836,071	687,626
	19,517,113	18,859,715	18,173,401	17,660,726

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

	Group 2020 No.	Group 2019 No.	LLP 2020 No.	LLP 2019 No.
Client service staff	418	433	406	422
Administrative and support staff	67	65	45	42
	485	498	451	464

8. Information in relation to members

	2020 Number	2019 Number
The average number of members during the year was	53	53
	2020 £	2019 £
The amount of profit attributable to the member with the largest entitlement was	385,211	316,968

Key Management Personnel compensation

The members of the LLP's management board are responsible for planning, directing and controlling the activities of the Group, and are considered to be its key management. The average number of management board members during the year was 7 (2019: 7).

As indicated in note 24 the LLP does not finalise the division of profits amongst members until after the reporting date. The profit entitlement of the LLP's key management in respect of the year was £1,838,115 (2019 - £1,452,517).

Notes to the financial statements
For the year ended 31 May 2020

9. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>2,087</u>	<u>10,548</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	17,331	5,987
Other loan interest payable	34,765	33,746
Other interest payable	360	558
	<u>52,456</u>	<u>40,291</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	339,715	362,725
Total current tax	<u>339,715</u>	<u>362,725</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	10,268,899	9,131,011
Less profit arising in entities not subject to corporation tax	(8,485,492)	(7,229,255)
Profit on ordinary activities before tax	<u>1,783,407</u>	<u>1,901,756</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	338,848	361,334
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	983	1,256
Capital allowances for year in excess of depreciation	(116)	135
Total tax charge for the year	<u>339,715</u>	<u>362,725</u>

Notes to the financial statements
For the year ended 31 May 2020

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Parent LLP profit for the year

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent LLP for the year was £9,611,182 (2019 - £8,606,786).

13. Intangible assets

Group

	Client relation- ships £	Goodwill £	Total £
Cost			
At 1 June 2019	5,811,575	3,908,048	9,719,623
At 31 May 2020	5,811,575	3,908,048	9,719,623
Amortisation			
At 1 June 2019	1,008,987	2,786,859	3,795,846
Charge for the year on owned assets	336,329	102,958	439,287
At 31 May 2020	1,345,316	2,889,817	4,235,133
Net book value			
At 31 May 2020	4,466,259	1,018,231	5,484,490
At 31 May 2019	4,802,588	1,121,189	5,923,777

Kreston Reeves LLP

**Notes to the financial statements
For the year ended 31 May 2020**

13. Intangible assets (continued)

LLP

	Client relation- ships £	Goodwill £	Total £
Cost			
At 1 June 2019	5,342,085	2,195,222	7,537,307
At 31 May 2020	5,342,085	2,195,222	7,537,307
Amortisation			
At 1 June 2019	938,562	2,022,065	2,960,627
Charge for the year	312,854	17,316	330,170
At 31 May 2020	1,251,416	2,039,381	3,290,797
Net book value			
At 31 May 2020	4,090,669	155,841	4,246,510
At 31 May 2019	4,403,523	173,157	4,576,680

Notes to the financial statements
For the year ended 31 May 2020

14. Tangible fixed assets

Group

	Freehold property £	Improve- ments to property £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 June 2019	1,700,875	310,715	2,876,991	4,888,581
Additions	-	240,876	265,991	506,867
Disposals	-	(122,860)	(337,975)	(460,835)
At 31 May 2020	<u>1,700,875</u>	<u>428,731</u>	<u>2,805,007</u>	<u>4,934,613</u>
Depreciation				
At 1 June 2019	-	199,767	1,523,429	1,723,196
Charge for the year on owned assets	-	39,288	342,644	381,932
Disposals	-	(57,651)	(316,920)	(374,571)
At 31 May 2020	<u>-</u>	<u>181,404</u>	<u>1,549,153</u>	<u>1,730,557</u>
Net book value				
At 31 May 2020	<u>1,700,875</u>	<u>247,327</u>	<u>1,255,854</u>	<u>3,204,056</u>
At 31 May 2019	<u>1,700,875</u>	<u>110,948</u>	<u>1,353,562</u>	<u>3,165,385</u>

Notes to the financial statements
For the year ended 31 May 2020

14. Tangible fixed assets (continued)

LLP

	Freehold property £	Improve- ments to property £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 June 2019	1,700,875	310,715	2,833,384	4,844,974
Additions	-	240,876	263,876	504,752
Disposals	-	(122,860)	(335,271)	(458,131)
At 31 May 2020	1,700,875	428,731	2,761,989	4,891,595
Depreciation				
At 1 June 2019	-	199,767	1,488,623	1,688,390
Charge for the year on owned assets	-	39,288	339,018	378,306
Disposals	-	(57,651)	(314,216)	(371,867)
At 31 May 2020	-	181,404	1,513,425	1,694,829
Net book value				
At 31 May 2020	1,700,875	247,327	1,248,564	3,196,766
At 31 May 2019	1,700,875	110,948	1,344,761	3,156,584

15. Fixed asset investments

LLP

	Investments in subsidiary under- takings £
Cost	
At 1 June 2019	29,923
At 31 May 2020	29,923

Kreston Reeves LLP

Notes to the financial statements For the year ended 31 May 2020

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the LLP:

Name	Principal activity	Class of shares	Holding
Reeves + Neylan Financial Services Limited	Holding company	Ordinary £1	100%
* Kreston Reeves Financial Planning Limited	Financial services adviser	Ordinary £1	100%
Kreston Reeves Private Client LLP	Financial advisory and planning services		100%
* Spofforths Financial Planning Limited	Dormant	Ordinary £1	100%
* FW Stephens International Limited	Dormant	Ordinary £1	100%
FW Stephens (Secretarial) Limited	Dormant	Ordinary £1	100%
FWS Trustee Company Limited	Dormant	Ordinary £1	100%
Reeves & Co Property Limited	Dormant	Ordinary £1	100%
Reeves Financial Planning Limited	Dormant	Ordinary £1	100%
Reeves Company Secretarial Limited	Dormant	Ordinary £1	100%
Reres Trust Limited	Dormant	Ordinary £1	100%
Reeves & Co Limited	Dormant	Ordinary £1	100%
Spofforths LLP	Dormant		100%
Donnington Secretaries Limited	Dormant	Ordinary £1	100%
Donnington Corporate Services Limited	Dormant	Ordinary £1	100%
Reeves Technology and Innovation Limited	Dormant	Ordinary £1	100%

The entities prefixed with an * are wholly owned by Reeves + Neylan Financial Services Limited. The registered office of all subsidiaries is 37 St Margaret's Street, Canterbury, Kent, CT1 2TU.

16. Stocks

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Stock of consumables	36,129	36,129	35,629	35,629

17. Debtors

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Trade debtors	8,113,843	8,308,722	7,569,616	7,767,514
Amounts owed by group undertakings	-	-	532,021	1,497,897
Other debtors	428,356	140,851	422,428	140,851
Prepayments and accrued income	1,340,003	1,055,966	1,323,286	1,042,222
Amounts recoverable on long term contracts	3,295,253	3,737,643	3,022,968	3,374,085
	13,177,455	13,243,182	12,870,319	13,822,569

Notes to the financial statements
For the year ended 31 May 2020

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Cash at bank and in hand	4,062,761	505,758	3,329,201	8,660
Less: bank overdrafts	-	(109,852)	-	(109,852)
	<u>4,062,761</u>	<u>395,906</u>	<u>3,329,201</u>	<u>(101,192)</u>

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Bank overdrafts	-	109,852	-	109,852
Other loans	63,572	18,000	-	-
Trade creditors	470,750	390,604	460,924	390,254
Amounts owed to group undertakings	-	-	266,629	1,074,660
Corporation tax	155,488	215,425	-	-
Other taxation and social security	3,933,377	1,490,679	3,876,836	1,414,248
Other creditors	1,356,339	1,862,819	1,356,149	1,817,819
Accruals and deferred income	1,256,767	985,633	1,120,029	868,380
	<u>7,236,293</u>	<u>5,073,012</u>	<u>7,080,567</u>	<u>5,675,213</u>

20. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Other loans	1,192,686	1,256,258
Share capital treated as debt	125,000	125,000
	<u>1,317,686</u>	<u>1,381,258</u>

Share capital treated as debt relates to non-equity A Ordinary £1 shares issued by a subsidiary undertaking within the group which have been classified as debt instruments as there is a contractual obligation on that company to deliver cash as part of a contingent settlement provision.

The loan notes are repayable at par on dates linked to the retirement dates of the original loan note holders. Amounts falling due, other than by instalments, after more than five years are £373,743 (2019: £376,743). Interest is paid at a fixed rate of 2% per annum.

Notes to the financial statements
For the year ended 31 May 2020

21. Financial instruments

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	11,837,452	12,187,216	11,547,033	12,780,347
	<u>11,837,452</u>	<u>12,187,216</u>	<u>11,547,033</u>	<u>12,780,347</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(6,908,229)	(7,406,969)	(5,646,846)	(6,919,768)
	<u>(6,908,229)</u>	<u>(7,406,969)</u>	<u>(5,646,846)</u>	<u>(6,919,768)</u>

Financial assets measured at amortised cost comprise trade debtors, including unbilled amounts for client work, amounts owed by group undertakings, other debtors and amounts due from members.

Financial liabilities measured at amortised cost comprise bank overdrafts, loan notes, trade creditors, amounts owed to group undertakings, other creditors, accruals and amounts owed to members.

Financial management

The Group has exposure to two main areas of risk – liquidity risk and client credit exposure. The Group has established a risk and financial management framework whose primary objective is to mitigate the Group's exposure to risk in order to protect it from events that may hinder its performance or risk damage to the Group's reputation.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective in managing liquidity risk is to ensure that this does not arise. Having assessed future cash flow requirements the Group expects to be able to meet its financial obligations through the cash flows that are generated from its operating activities. In the event that these cash flows would not be sufficient to enable the Group to meet all of its obligations the Group has available overdraft facilities provided by its bankers which are drawn upon as required. The interest rate risk arising from these facilities is considered by the designated members to be minimal, and the Group has not entered into any derivative instruments designed to mitigate exposure to such risk. In addition the Group can require members to make additional capital contributions in order to support the financial position of the Group if alternative sources of finance cannot be sourced.

Client credit exposure

The Group regularly offers credit terms to its clients which allow for payment of the debt after delivery of the related services. The Group is at risk to the extent that a client may be unable to pay the debt within those terms. This risk is mitigated by strong on-going client relationships and by only granting credit to clients who are able to demonstrate an appropriate payment history and satisfy credit worthiness procedures.

**Notes to the financial statements
For the year ended 31 May 2020**

22. Provisions

Group

	£
At 1 June 2019	20,000
At 31 May 2020	20,000

A specific provision has been made for the excess amount of claims notified but not covered under Professional Indemnity Insurance of £20,000 (2019: £20,000).

23. Loans and other debts due to members

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Other amounts due to members	2,443,115	2,658,803	2,443,115	2,658,803

Loans and other debts due to members may be further analysed as follows:

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Falling due within one year	2,443,115	2,658,803	2,443,115	2,658,803

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

Notes to the financial statements
For the year ended 31 May 2020

24. Reconciliation of members' interests (Group)

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
Amounts due to members				1,036,226	1,036,226	
Amounts due from members				(145,500)	(145,500)	
Balance at 1 June 2018	7,408,555	9,517,844	16,926,399	890,726	890,726	17,817,125
Profit for the year available for discretionary division among members	-	8,768,286	8,768,286	-	-	8,768,286
Members' interests after profit for the year	7,408,555	18,286,130	25,694,685	890,726	890,726	26,585,411
Allocated profit for the year	-	(11,794,063)	(11,794,063)	11,794,063	11,794,063	-
Amounts introduced by members	170,000	-	170,000	-	-	170,000
Repayment of capital	(329,464)	-	(329,464)	-	-	(329,464)
Drawings	-	-	-	(10,025,986)	(10,025,986)	(10,025,986)
Amounts due to members				2,658,803	2,658,803	
Balance at 31 May 2019	7,249,091	6,492,067	13,741,158	2,658,803	2,658,803	16,399,961
Profit for the year available for discretionary division among members	-	9,929,184	9,929,184	-	-	9,929,184
Members' interests after profit for the year	7,249,091	16,421,251	23,670,342	2,658,803	2,658,803	26,329,145
Allocated profit for the year	-	(8,815,920)	(8,815,920)	8,815,920	8,815,920	-
Amounts introduced by members	220,000	-	220,000	-	-	220,000
Repayment of capital	(126,625)	-	(126,625)	-	-	(126,625)
Drawings	-	-	-	(9,031,608)	(9,031,608)	(9,031,608)
Amounts due to members				2,443,115	2,443,115	
Balance at 31 May 2020	7,342,466	7,605,331	14,947,797	2,443,115	2,443,115	17,390,912

Notes to the financial statements
For the year ended 31 May 2020

24. Reconciliation of members' interests (LLP)

	EQUITY Members' other interests			DEBT Loans and other debts due to members less any amounts due from members in debtors		Total members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Other amounts £	Total £	Total £
Amounts due to members				1,036,226	1,036,226	
Amounts due from members				(145,500)	(145,500)	
Balance at 1 June 2018	7,408,555	9,234,215	16,642,770	890,726	890,726	17,533,496
Profit for the year available for discretionary division among members	-	8,606,786	8,606,786	-	-	8,606,786
Members' interests after profit for the year	7,408,555	17,841,001	25,249,556	890,726	890,726	26,140,282
Allocated profit for the year	-	(11,794,063)	(11,794,063)	11,794,063	11,794,063	-
Amounts introduced by members	170,000	-	170,000	-	-	170,000
Repayment of capital	(329,464)	-	(329,464)	-	-	(329,464)
Drawings	-	-	-	(10,025,986)	(10,025,986)	(10,025,986)
Amounts due to members				2,658,803	2,658,803	
Balance at 31 May 2019	7,249,091	6,046,938	13,296,029	2,658,803	2,658,803	15,954,832
Profit for the year available for discretionary division among members	-	9,611,182	9,611,182	-	-	9,611,182
Members' interests after profit for the year	7,249,091	15,658,120	22,907,211	2,658,803	2,658,803	25,566,014
Other division of profits	-	(8,815,920)	(8,815,920)	8,815,920	8,815,920	-
Amounts introduced by members	220,000	-	220,000	-	-	220,000
Repayment of capital	(126,625)	-	(126,625)	-	-	(126,625)
Drawings	-	-	-	(9,031,608)	(9,031,608)	(9,031,608)
Amounts due to members				2,443,115	2,443,115	
Balance at 31 May 2020	7,342,466	6,842,200	14,184,666	2,443,115	2,443,115	16,627,781

Notes to the financial statements
For the year ended 31 May 2020

24. Reconciliation of members' interests (LLP) (continued)

Throughout the year the management board assess the level of interim profit allocations and members' monthly drawings after considering the working capital needs of the Group. The final allocation of profits and distribution to members is made after the reporting date. Unallocated profits are included in other reserves as a component of members' equity.

To the extent that allocated profits exceed drawings, the excess profit is recognised as debt as amounts due to members. Conversely when drawings exceed allocated profits, the excess is shown within debtors as amounts due from members.

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

25. Analysis of Net Debt (Group)

	At 1 June 2019 £	Arising from cash flows £	Other non- cash changes £	At 31 May 2020 £
Cash at bank and in hand	505,758	3,557,003	-	4,062,761
Bank overdrafts	(109,852)	109,852	-	-
Borrowings due within 1 year	(18,000)	18,000	(63,572)	(63,572)
Borrowings due after 1 year	(1,381,258)	-	63,572	(1,317,686)
Net debt (before members' debt)	(1,003,352)	3,684,855	-	2,681,503
<i>Loans and other debts due to members</i>				
Other amounts due to members	(2,658,803)	9,031,608	(8,815,920)	(2,443,115)
Net debt	(3,662,155)	12,716,463	(8,815,920)	238,388

26. Commitments under operating leases

At 31 May 2020 the Group and the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	LLP 2020 £	LLP 2019 £
Not later than 1 year	1,135,555	1,190,695	1,135,555	1,190,695
Later than 1 year and not later than 5 years	808,218	2,107,174	808,218	2,107,174
Later than 5 years	-	190,178	-	190,178
	1,943,773	3,488,047	1,943,773	3,488,047

**Notes to the financial statements
For the year ended 31 May 2020**

27. Related party transactions

Included within creditors are loan notes totalling £1,256,258 (2019: £1,274,258) held by certain designated members. Interest of £25,485 was paid during the year in respect of these loan notes (2019: £25,486).

The LLP has paid rent of £101,244 (2019 - £101,244) to Rapidbulb Limited, a company over which certain members of the LLP have significant influence. A balance of £30,373 was outstanding at the year end (2019 - £nil).

28. Controlling party

The LLP is not controlled by any single party.