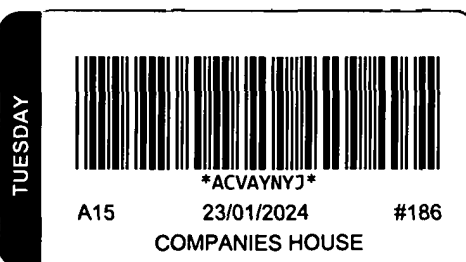


Registered number: OC328775

**Kreston Reeves LLP**

**Annual report and financial statements**

**For the year ended 31 May 2023**



# **Kreston Reeves LLP**

## **Information**

### **Designated Members**

N Fright, Managing Partner  
MJ Attwood  
M Cook  
AM Dwyer  
MKR Dyer  
SG Ediss  
DJ Grainge  
AJQ Griggs  
RW Heasman  
G Hicks  
PD Hudson  
GHJ Jones  
TPW Levey  
PAR Manser  
SN Miles  
M O'Brien  
K Ondhia  
LE Parry  
JA Peach  
AJ Pearce  
SM Robinson  
SM Rouse  
RL Sellers  
RCPP Spofforth  
RM Sutton  
SP Tanner  
AJ Tate  
CJ Took  
TB Wachter  
SL Webber  
JC Williamson  
RA Beasley  
TA Becker  
TRA Boniface  
GJ Clipsham  
RL Emmerson  
LE Hammond-Illes  
J Hopkirk  
G Hunt  
CA James  
AJF Jones  
SA Jones  
SR Moss  
AR Moyle  
DA Mundroina  
JR Willison

### **Members**

**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 2023**

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 2023.

#### **Principal activities**

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

#### **Designated Members**

N Fright, M Cook, AM Dwyer, MKR Dyer, SG Ediss, DJ Grainge, AJQ Griggs, RW Heasman, G Hicks, PD Hudson, GH Jones, TPW Levey, PAR Manser, SN Miles, M O'Brien, K Ondhia, LE Parry, JA Peach, AJ Pearce, SM Robinson, SM Rouse, RL Sellers, RCPP Spofforth, RM Sutton, SP Tanner, AJ Tate, CJ Took, SL Webber and JC Williamson were designated members of the LLP and the Group throughout the period.

RA Beasley was appointed as a designated member on 29 July 2022. CA James was appointed as a designated member on 19 May 2022.

MJ Attwood, RA Beasley, GJ Clipsham, G Hunt, CA James, AJF Jones, AR Moyle, DA Mundroina, J Standing, TB Wachter were reclassified as members on 8 November 2022. MJ Attwood and TB Wachter were reappointed as designated members on 1 June 2023.

#### **Business review**

Turnover for the year was £44.5m, 11.2% higher than the prior year. Opportunities for revenue growth were strong in many of our markets, both through the successful management of pricing and the opportunities to expand through the winning of new business, particularly for larger corporate clients.

The competition for talent continues to be challenging and in order to best exploit the market opportunities, we invested significantly in our people with a £1.6m increase in staff costs. During the year we also steadily continued to increase our offshore capabilities.

Other external charges and depreciation increased 19% during the year. This significant increase reflects general inflation rates, increasing headcount and our ambitious investment programme, particularly in property and IT.

Overall, we are pleased to report a 10% increase in profits. We would like to take this opportunity to thank all our partners and staff in delivering these excellent results.

#### **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 tax, 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. Additional drawings are made periodically subject to the cash requirements of the Group.

Members' capital is repaid on or after retirement.

**Members' report incorporating the Energy and Carbon Report (continued)  
For the year ended 31 May 2023**

**Greenhouse gas emissions, energy consumption and energy efficiency report**

The LLP's greenhouse gas emissions and energy consumption for the year are 195t CO<sub>2</sub>e (2022 - 362t CO<sub>2</sub>e).

This is made up from:

Emissions from combustion of gas: 43t CO<sub>2</sub>e (2022 - 112t CO<sub>2</sub>e)  
Emissions from purchase of electricity: 67t CO<sub>2</sub>e (2022 - 145t CO<sub>2</sub>e)  
Emissions from business travel: 85t CO<sub>2</sub>e (2022 - 105t CO<sub>2</sub>e)

Total energy consumption: 876,955 kWh (2022 - 1,723,358 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 estimate covers all Kreston Reeves LLP's UK operations that are consolidated in the financial statements and the sites used to conduct these operations. Raw data in the form of Landlord recharges and expenses spreadsheets has been collected from Kreston Reeves LLP. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2020.

The intensity ratio (tCO<sub>2</sub>e per square metre of gross floor area) is 0.05 (2022 - 0.08).

**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 8 January 2024 and signed on their behalf by:

*N. Fright*

**N Fright**  
Designated member

**Members' responsibilities statement  
For the year ended 31 May 2023**

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.

**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 2023, which comprise the Consolidated profit and loss account, the Consolidated balance sheet, the LLP balance sheet, the Consolidated statement of cash flows, the Consolidated Reconciliation of members' interests, the LLP Reconciliation of members' interests 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 2023 and of the Group's result 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**

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 or the parent LLP'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.



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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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. 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**

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 3, 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We undertake the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the LLP. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be the regulations and codes of conduct issued by the Institute of Chartered Accountants in England and Wales.
- Enquiry of members and management as to policies and procedures to ensure compliance and any known instances of non-compliance
- Review of board minutes and correspondence with regulators
- Enquiry of members and management as to areas of the financial statements susceptible to fraud and how these risks are managed
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements. These key areas of uncertainty are disclosed in the accounting policies
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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.

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

- 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.

**Use of our report**

This report is made solely to the LLP's members, as a body, 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, as a body, for our audit work, for this report, or for the opinions we have formed.

*Clive Owen LLP*

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

Date: *8 January 2024*

**Consolidated profit and loss account  
For the year ended 31 May 2023**

	Note	2023 £	As restated 2022 £
Turnover		44,456,575	39,967,599
Other operating income	4	33,654	48,038
Other external charges		(10,543,411)	(8,831,480)
Staff costs		(21,823,708)	(20,212,595)
Depreciation and amortisation		(942,793)	(850,399)
<b>Operating profit</b>	5	<b>11,180,317</b>	<b>10,121,163</b>
Income from participating interests	14	35,961	-
Interest receivable and similar income	9	728	1,731
Interest payable and similar charges	10	(133,569)	(73,200)
<b>Profit before tax</b>		<b>11,083,437</b>	<b>10,049,694</b>
Tax on profit		-	-
<b>Profit before members' remuneration and profit shares</b>		<b>11,083,437</b>	<b>10,049,694</b>
Profit for the year before members' remuneration and profit shares		11,083,437	10,049,694
Members' remuneration charged as an expense		(11,083,437)	(10,049,694)
<b>Results for the year available for discretionary division among members</b>		<b>-</b>	<b>-</b>

There are no items of other comprehensive income for 2023 or 2022 other than the profit for the year. As a result, no separate Statement of comprehensive income has been presented.

**Consolidated balance sheet**  
**As at 31 May 2023**

	Note	2023 £	As restated 2022 £
<b>Fixed assets</b>			
Intangible assets	12	3,268,950	3,600,116
Tangible assets	13	3,422,226	3,672,009
Investments	14	36,012	51
		<u>6,727,188</u>	<u>7,272,176</u>
<b>Current assets</b>			
Stocks	15	35,629	35,629
Debtors: amounts falling due within one year	16	16,270,146	20,708,959
Cash at bank and in hand	17	1,249,027	157,264
		<u>17,554,802</u>	<u>20,901,852</u>
Creditors: amounts falling due within one year	18	(6,377,041)	(7,104,558)
<b>Net current assets</b>		<u>11,177,761</u>	<u>13,797,294</u>
<b>Total assets less current liabilities</b>		<u>17,904,949</u>	<u>21,069,470</u>
Creditors: amounts falling due after more than one year	19	-	(333,333)
		<u>17,904,949</u>	<u>20,736,137</u>
<b>Provisions for liabilities</b>			
Other provisions	21	(358,000)	(258,000)
		<u>(358,000)</u>	<u>(258,000)</u>
<b>Net assets</b>		<u><u>17,546,949</u></u>	<u><u>20,478,137</u></u>

Kreston Reeves LLP  
Registered number: OC328775

**Consolidated balance sheet (continued)**  
**As at 31 May 2023**

	Note	2023 £	As restated 2022 £
<b>Capital and reserves</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability	22	9,552,805	9,166,946
Other amounts	22	7,994,144	11,311,191
		<u>17,546,949</u>	<u>20,478,137</u>
<b>Total members' interests</b>			
Loans and other debts due to members	22	<u>17,546,949</u>	<u>20,478,137</u>
		<u>17,546,949</u>	<u>20,478,137</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 8 January 2024

N. Fright

**N Fright**  
Designated member

SM ROUSE

**SM Rouse**  
Designated member

The notes on pages 19 to 39 form part of these financial statements.

Kreston Reeves LLP has no equity and, in accordance with the provisions contained within the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", has not presented a Consolidated statement of changes in equity.

LLP balance sheet  
As at 31 May 2023

	Note	2023 £	As restated 2022 £
<b>Fixed assets</b>			
Intangible assets	12	3,256,000	3,586,170
Tangible assets	13	3,407,589	3,652,206
Investments	14	46,082	46,082
		<u>6,709,671</u>	<u>7,284,458</u>
<b>Current assets</b>			
Stocks	15	35,629	35,629
Debtors: amounts falling due within one year	16	16,123,774	20,715,055
Cash at bank and in hand	17	1,224,105	36,564
		<u>17,383,508</u>	<u>20,787,248</u>
Creditors: amounts falling due within one year	18	(6,217,219)	(6,996,260)
<b>Net current assets</b>		<u>11,166,289</u>	<u>13,790,988</u>
<b>Total assets less current liabilities</b>		<u>17,875,960</u>	<u>21,075,446</u>
Creditors: amounts falling due after more than one year	19	-	(333,333)
		<u>17,875,960</u>	<u>20,742,113</u>
<b>Provisions for liabilities</b>			
Other provisions	21	(358,000)	(258,000)
		<u>(358,000)</u>	<u>(258,000)</u>
<b>Net assets</b>		<u><u>17,517,960</u></u>	<u><u>20,484,113</u></u>

**Kreston Reeves LLP**  
**Registered number: OC328775**

**LLP balance sheet (continued)**  
**As at 31 May 2023**

	Note	2023 £	As restated 2022 £
<b>Capital and reserves</b>			
<b>Loans and other debts due to members</b>			
Members' capital classified as a liability	22	9,552,805	9,166,946
Other amounts	22	7,965,155	11,317,167
		<u>17,517,960</u>	<u>20,484,113</u>
<b>Total members' interests</b>			
Loans and other debts due to members	22	17,517,960	20,484,113
Members' other interests		-	-
		<u>17,517,960</u>	<u>20,484,113</u>



**Kreston Reeves LLP**  
**Registered number: OC328775**

**LLP balance sheet (continued)**  
**As at 31 May 2023**

The financial statements were approved and authorised for issue by the members and were signed on their behalf on **8 January 2024**

*N. Fright*

**N Fright**  
Designated member

*SM Rouse*

**SM Rouse**  
Designated member

The notes on pages 19 to 39 form part of these financial statements.

**Consolidated Reconciliation of members' interests  
For the year ended 31 May 2023**

	EQUITY			DEBT			Total members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors			
	Members' capital (classified as equity) £	Other reserves £	Total £	Members' capital (classified as debt) £	Other amounts £	Total £	
Balance at 1 June 2021	6,478,132	13,800,301	20,278,433	-	1,983,221	1,983,221	22,261,654
Prior year adjustment	(6,478,132)	(13,800,301)	(20,278,433)	9,798,447	10,479,986	20,278,433	-
Balance at 1 June 2021 (as restated)	-	-	-	9,798,447	12,463,207	22,261,654	22,261,654
Members' remuneration charged as an expense	-	-	-	-	10,049,694	10,049,694	10,049,694
Members' interests after profit for the year	-	-	-	9,798,447	22,512,901	32,311,348	32,311,348
Amounts introduced by members	-	-	-	340,000	-	340,000	340,000
Repayment of capital	-	-	-	(750,147)	-	(750,147)	(750,147)
Conversion of members' capital to debt	-	-	-	(221,354)	221,354	-	-
Drawings on account and distribution of profit	-	-	-	-	(11,423,064)	(11,423,064)	(11,423,064)
Amounts due to members				9,166,946	11,311,191	20,478,137	
Balance at 31 May 2022	6,067,985	8,951,608	15,019,593	-	5,458,544	5,458,544	20,478,137
Prior year adjustment	(6,067,985)	(8,951,608)	(15,019,593)	9,166,946	5,852,647	15,019,593	-
Balance at 31 May 2022 (as restated)	-	-	-	9,166,946	11,311,191	20,478,137	20,478,137
Members' remuneration charged as an expense	-	-	-	-	11,083,437	11,083,437	11,083,437
Members' interests after profit for the year	-	-	-	9,166,946	22,394,628	31,561,574	31,561,574

**Notes to the financial statements  
For the year ended 31 May 2023**

**Consolidated Reconciliation of members' interests (continued)  
For the year ended 31 May 2023**

Amounts introduced by members	-	-	-	1,420,000	-	1,420,000	1,420,000
Repayment of capital	-	-	-	(812,787)	-	(812,787)	(812,787)
Conversion of members' capital to debt	-	-	-	(221,354)	221,354	-	-
Drawings on account and distribution of profit	-	-	-	-	(14,621,838)	(14,621,838)	(14,621,838)
Amounts due to members				9,552,805	7,994,144	17,546,949	
<b>Balance at 31 May 2023</b>	-	-	-	<b>9,552,805</b>	<b>7,994,144</b>	<b>17,546,949</b>	<b>17,546,949</b>

**LLP reconciliation of members' interests**  
**For the year ended 31 May 2023**

	EQUITY			DEBT			Total
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors			members' interests
	Members' capital (classified as equity) £	Other reserves £	Total £	Members' capital (classified as debt) £	Other amounts £	Total £	Total £
<b>Balance at 1 June 2021</b>	6,478,132	13,800,301	20,278,433	-	1,988,201	1,988,201	22,266,634
Prior year adjustment	(6,478,132)	(13,800,301)	(20,278,433)	9,798,447	10,479,986	20,278,433	-
<b>Balance at 1 June 2021 (as restated)</b>	-	-	-	9,798,447	12,468,187	22,266,634	22,266,634
Members' remuneration charged as an expense	-	-	-	-	10,050,690	10,050,690	10,050,690
<b>Members' interests after profit for the year</b>	-	-	-	9,798,447	22,518,877	32,317,324	32,317,324
Amounts introduced by members	-	-	-	340,000	-	340,000	340,000
Repayment of capital	-	-	-	(750,147)	-	(750,147)	(750,147)
Conversion of members' capital to debt	-	-	-	(221,354)	221,354	-	-
Drawings on account and distribution of profit	-	-	-	-	(11,423,064)	(11,423,064)	(11,423,064)
Amounts due to members				9,166,946	11,317,167	20,484,113	
<b>Balance at 31 May 2022</b>	6,067,985	8,951,608	15,019,593	-	5,464,520	5,464,520	20,484,113
Prior year adjustment	(6,067,985)	(8,951,608)	(15,019,593)	9,166,946	5,852,647	15,019,593	-
<b>Balance at 31 May 2022 (as restated)</b>	-	-	-	9,166,946	11,317,167	20,484,113	20,484,113
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-	11,048,472	11,048,472	11,048,472

**Notes to the financial statements  
For the year ended 31 May 2023**

**LLP reconciliation of members' interests (continued)  
For the year ended 31 May 2023**

<b>Members' interests after profit for the year</b>	-	-	-	9,166,946	22,365,639	31,532,585	31,532,585
Amounts introduced by members	-	-	-	1,420,000	-	1,420,000	1,420,000
Repayment of capital	-	-	-	(812,787)	-	(812,787)	(812,787)
Conversion of members' capital to debt	-	-	-	(221,354)	221,354	-	-
Drawings on account and distribution of profit	-	-	-	-	(14,621,838)	(14,621,838)	(14,621,838)
Amounts due to members				9,552,805	7,965,155	17,517,960	
<b>Balance at 31 May 2023</b>	-	-	-	9,552,805	7,965,155	17,517,960	17,517,960

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.

**Consolidated statement of cash flows**  
**For the year ended 31 May 2023**

	2023 £	As restated 2022 £
Profit for the financial year	-	-
<b>Adjustments for:</b>		
Members' remuneration charged as an expense	11,083,437	10,049,694
Amortisation of intangible assets	331,166	331,166
Depreciation of tangible assets	444,408	449,449
Loss on disposal of tangible assets	167,219	69,784
Interest paid	133,569	58,816
Interest received	(728)	(1,731)
Income from investments in joint ventures	(35,961)	-
(Increase) in debtors	(1,081,187)	(1,536,751)
Decrease/(increase) in amounts owed by associates	-	(14,949)
Increase/(decrease) in creditors	1,239,235	(3,051,098)
Increase/(decrease) in provisions	100,000	(121,000)
<b>Net cash generated from operating activities before transactions with members</b>	<u>12,381,158</u>	<u>6,233,380</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(361,844)	(963,002)
Purchase of fixed asset investments	-	(51)
Interest received	728	1,731
Proceeds on disposal of investments	5,520,000	-
<b>Net cash from investing activities</b>	<u>5,158,884</u>	<u>(961,322)</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(1,333,333)	(1,333,334)
Interest paid	(133,569)	(58,816)
Amounts introduced by members	1,420,000	340,000
Distribution paid to members	(15,434,625)	(12,173,211)
<b>Net cash used in financing activities</b>	<u>(15,481,527)</u>	<u>(13,225,361)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>2,058,515</u>	<u>(7,953,303)</u>
Cash and cash equivalents at beginning of year	(809,488)	7,143,815
<b>Cash and cash equivalents at the end of year</b>	<u>1,249,027</u>	<u>(809,488)</u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,249,027	157,264
Bank overdrafts	-	(966,752)
	<u>1,249,027</u>	<u>(809,488)</u>

The notes on pages 19 to 39 form part of these financial statements.

**Notes to the financial statements  
For the year ended 31 May 2023**

**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 six 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 Profit and loss account 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.

**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**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 profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

The results and assets and liabilities of joint venture undertakings ('joint ventures') are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the joint venture, less any impairment in the value of the investment. Losses of a joint venture in excess of the group's interest in that joint venture are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

**2.4 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.



**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**2.5 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.

**2.6 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

**2.7 Interest income**

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

**2.8 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.

**2.9 Borrowing costs**

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

**2.10 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.

**2.11 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.

**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**2.12 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.

**2.13 Division and distribution of profits**

A division of profits is the mechanism by which the profits of a Group become a debt due to members. A division may be automatic or discretionary, may relate to some or all of the profits for a financial period and may take place during or after the end of a financial period.

An automatic division of profits is one where the Group does not have an unconditional right to avoid making a division of an amount of profits based on the members' agreement in force at the time, whereas a discretionary division of profits requires a decision to be made by the Group, which it has the unconditional right to avoid making.

The Group divides profits automatically. Automatic divisions of profits are recognised as 'Members' remuneration charged as an expense in the consolidated profit and loss account.

The Group classifies distributions of profits as financing cash flows in the Statement of cash flows as they are not always directly related to the level of activity in the year under review and may also relate to returns on investment.

**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.

**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**2.14 Tangible fixed assets (continued)**

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.

**2.16 Associates and joint ventures**

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

**2.17 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.

**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**2.18 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.

**2.19 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.

**2.20 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.

**2.21 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**2.22 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.

**Notes to the financial statements  
For the year ended 31 May 2023**

**2. Accounting policies (continued)**

**2.23 Financial instruments**

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Balance sheet when the Group becomes party to the contractual provisions of the instrument.

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Financial liabilities**

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

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

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

**Notes to the financial statements  
For the year ended 31 May 2023**

**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 £3,268,950 at the reporting date (see note 12). 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 2023**

**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 13). 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**

	2023 £	2022 £
Net rents receivable	33,654	33,654
Government grants receivable	-	14,384
	<u>33,654</u>	<u>48,038</u>

**5. Operating profit**

The operating profit is stated after charging:

	2023 £	2022 £
Other operating lease rentals	836,844	816,980
Loss on disposal of tangible assets	167,219	69,784
	<u>1,004,063</u>	<u>886,764</u>

**6. Auditors' remuneration**

During the year, the Group obtained the following services from the LLP's auditors and their associates:

	2023 £	2022 £
Fees payable to the LLP's auditors and their associates for the audit of the consolidated and parent LLP's financial statements	19,200	19,200
	<u>19,200</u>	<u>19,200</u>

Auditors' fees for the LLP were £18,000 (2022 - £18,000).

**Notes to the financial statements  
For the year ended 31 May 2023**

**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.

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Wages and salaries	<b>19,118,819</b>	17,723,587	<b>18,698,365</b>	17,196,711
Social security costs	<b>1,762,719</b>	1,587,686	<b>1,729,446</b>	1,532,576
Cost of defined contribution scheme	<b>942,170</b>	901,322	<b>920,104</b>	880,687
	<b>21,823,708</b>	20,212,595	<b>21,347,915</b>	19,609,974

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

	<b>Group 2023 No.</b>	<b>Group 2022 No.</b>	<b>LLP 2023 No.</b>	<b>LLP 2022 No.</b>
Client service staff	<b>382</b>	362	374	355
Administrative and support staff	<b>80</b>	81	76	75
	<b>462</b>	443	450	430

**8. Information in relation to members**

	<b>2023 Number</b>	<b>2022 Number</b>
The average number of members during the year was	<b>42</b>	46
	<b>2023 £</b>	<b>2022 £</b>
The amount of profit attributable to the member with the largest entitlement was	<b>741,472</b>	585,142

**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 (2022: 7).

The profit entitlement of the LLP's key management in respect of the year, determined after the reporting date, was £3,492,165 (2022 - £2,794,970).



**Notes to the financial statements  
For the year ended 31 May 2023**

**9. Interest receivable**

	2023 £	2022 £
Other interest receivable	728	1,731

**10. Interest payable and similar expenses**

	2023 £	2022 £
Bank interest payable	125,309	64,940
Other loan interest payable	8,260	8,260
	<u>133,569</u>	<u>73,200</u>

**11. 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 Profit and loss account in these financial statements. The profit after tax of the parent LLP for the year was £11,048,472 (2022 - £10,050,690).

**12. Intangible assets**

**Group**

	Client relation- ships £	Goodwill £	Total £
<b>Cost</b>			
At 1 June 2022	5,342,085	2,215,143	7,557,228
At 31 May 2023	<u>5,342,085</u>	<u>2,215,143</u>	<u>7,557,228</u>
<b>Amortisation</b>			
At 1 June 2022	1,877,124	2,079,988	3,957,112
Charge for the year on owned assets	312,854	18,312	331,166
At 31 May 2023	<u>2,189,978</u>	<u>2,098,300</u>	<u>4,288,278</u>
<b>Net book value</b>			
At 31 May 2023	<u>3,152,107</u>	<u>116,843</u>	<u>3,268,950</u>
At 31 May 2022	<u>3,464,961</u>	<u>135,155</u>	<u>3,600,116</u>

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**12. Intangible assets (continued)**

**LLP**

	<b>Client relation- ships £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 June 2022	<b>5,342,085</b>	<b>2,195,222</b>	<b>7,537,307</b>
At 31 May 2023	<b>5,342,085</b>	<b>2,195,222</b>	<b>7,537,307</b>
<b>Amortisation</b>			
At 1 June 2022	<b>1,877,124</b>	<b>2,074,013</b>	<b>3,951,137</b>
Charge for the year	<b>312,854</b>	<b>17,316</b>	<b>330,170</b>
At 31 May 2023	<b>2,189,978</b>	<b>2,091,329</b>	<b>4,281,307</b>
<b>Net book value</b>			
At 31 May 2023	<b>3,152,107</b>	<b>103,893</b>	<b>3,256,000</b>
At 31 May 2022	<b>3,464,961</b>	<b>121,209</b>	<b>3,586,170</b>

**Notes to the financial statements  
For the year ended 31 May 2023**

**13. Tangible fixed assets**

**Group**

	<b>Freehold property £</b>	<b>Improve- ments to property £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2022	1,700,875	741,319	3,172,717	5,614,911
Additions	-	28,128	333,716	361,844
Disposals	-	-	(1,396,258)	(1,396,258)
At 31 May 2023	<u>1,700,875</u>	<u>769,447</u>	<u>2,110,175</u>	<u>4,580,497</u>
<b>Depreciation</b>				
At 1 June 2022	-	103,435	1,839,467	1,942,902
Charge for the year on owned assets	-	73,521	370,887	444,408
Disposals	-	-	(1,229,039)	(1,229,039)
At 31 May 2023	<u>-</u>	<u>176,956</u>	<u>981,315</u>	<u>1,158,271</u>
<b>Net book value</b>				
At 31 May 2023	<u>1,700,875</u>	<u>592,491</u>	<u>1,128,860</u>	<u>3,422,226</u>
At 31 May 2022	<u>1,700,875</u>	<u>637,884</u>	<u>1,333,250</u>	<u>3,672,009</u>

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**13. Tangible fixed assets (continued)**

**LLP**

	<b>Freehold property £</b>	<b>Improve- ments to property £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2022	1,700,875	741,319	3,146,589	5,588,783
Additions	-	28,128	333,716	361,844
Disposals	-	-	(1,396,258)	(1,396,258)
At 31 May 2023	<u>1,700,875</u>	<u>769,447</u>	<u>2,084,047</u>	<u>4,554,369</u>
<b>Depreciation</b>				
At 1 June 2022	-	103,435	1,833,142	1,936,577
Charge for the year on owned assets	-	73,521	365,721	439,242
Disposals	-	-	(1,229,039)	(1,229,039)
At 31 May 2023	<u>-</u>	<u>176,956</u>	<u>969,824</u>	<u>1,146,780</u>
<b>Net book value</b>				
At 31 May 2023	<u>1,700,875</u>	<u>592,491</u>	<u>1,114,223</u>	<u>3,407,589</u>
At 31 May 2022	<u>1,700,875</u>	<u>637,884</u>	<u>1,313,447</u>	<u>3,652,206</u>

Notes to the financial statements  
For the year ended 31 May 2023

14. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 June 2022	51
Share of profit/(loss)	35,961
At 31 May 2023	<u>36,012</u>

LLP

	Investments in subsidiary under- takings £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 June 2022	46,031	51	46,082
At 31 May 2023	<u>46,031</u>	<u>51</u>	<u>46,082</u>

**Notes to the financial statements  
For the year ended 31 May 2023**

**14. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the LLP:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Kreston Reeves Private Client LLP	Financial advisory and planning services		100%
Donnington Corporate Services Limited	Dormant	Ordinary £1	100%
Donnington Secretaries Limited	Dormant	Ordinary £1	100%
FW Stephens International Limited	Dormant	Ordinary £1	100%
FW Stephens (Secretarial) Limited	Dormant	Ordinary £1	100%
Kreston Reeves Company Secretarial Limited	Dormant	Ordinary £1	100%
Kreston Reeves Global Limited	Dormant	Ordinary £1	100%
Kreston Reeves Holdings Limited	Dormant	Ordinary £1	100%
* Kreston Reeves International Limited	Dormant	Ordinary £1	100%
Kreston Reeves Trustee Company Limited	Dormant	Ordinary £1	100%
Reeves & Co Limited	Dormant	Ordinary £1	100%
Reeves & Co Property Limited	Dormant	Ordinary £1	100%
Reeves Financial Planning Limited	Dormant	Ordinary £1	100%
Reres Trust Limited	Dormant	Ordinary £1	100%
Spofforths LLP	Dormant		100%
Spofforths Financial Planning Limited	Dormant	Ordinary £1	100%

The company prefixed with an \* is wholly owned by Kreston Reeves Holdings Limited. The registered office of all subsidiaries is 37 St Margaret's Street, Canterbury, Kent, CT1 2TU.

The LLP controls its subsidiary entity, Kreston Reeves Private Client LLP via a contractual agreement with other minority parties. Under the contract, the minority parties shall provide capital and be entitled to profit shares of Kreston Reeves Private Client LLP which are determined each financial year.

**Participating interests**

The Group holds 49 A ordinary shares and 2 non-voting B shares in Kreston Reeves Financial Planning Services Limited, a joint venture company which undertakes activities relating to financial services.

**15. Stocks**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Stocks	<b>35,629</b>	<b>35,629</b>	<b>35,629</b>	<b>35,629</b>

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**16. Debtors**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Trade debtors	10,396,976	9,679,138	9,983,005	9,192,405
Amounts owed by group undertakings	-	-	556,722	729,398
Amounts owed by joint ventures and associated undertakings	14,949	14,949	14,949	14,949
Other debtors	261,117	5,991,026	261,117	5,991,026
Prepayments and accrued income	1,479,957	1,307,996	1,469,436	1,296,983
Amounts recoverable on contracts	4,117,147	3,715,850	3,838,545	3,490,294
	<b>16,270,146</b>	<b>20,708,959</b>	<b>16,123,774</b>	<b>20,715,055</b>

**17. Cash and cash equivalents**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Cash at bank and in hand	1,249,027	157,264	1,224,105	36,564
Less: bank overdrafts	-	(966,752)	-	(966,752)
	<b>1,249,027</b>	<b>(809,488)</b>	<b>1,224,105</b>	<b>(930,188)</b>

**18. Creditors: Amounts falling due within one year**

	<b>Group 2023 £</b>	<b>Group As restated 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP As restated 2022 £</b>
Bank overdrafts	-	966,752	-	966,752
Bank loans	333,333	1,333,333	333,333	1,333,333
Trade creditors	573,905	213,587	550,318	182,204
Amounts owed to group undertakings	-	-	16,110	16,110
Other taxation and social security	1,937,082	1,647,876	1,880,345	1,568,099
Other creditors	2,598,540	1,889,756	2,516,531	1,888,828
Accruals and deferred income	934,181	1,053,254	920,582	1,040,934
	<b>6,377,041</b>	<b>7,104,558</b>	<b>6,217,219</b>	<b>6,996,260</b>

The bank overdraft is secured by a debenture over the assets of the LLP.

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Bank loans	-	333,333	-	333,333

Bank loans are underwritten by the government under the Coronavirus Business Interruption Loan Scheme. The loans are repayable over 27 months at an interest rate of 2.4% over base rate.

**20. Financial instruments**

**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 2023**

**21. Provisions**

**Group and LLP**

	<b>Dilapidations provision £</b>	<b>Claims provision £</b>	<b>Total £</b>
Prior year adjustment	<b>218,000</b>	<b>40,000</b>	<b>258,000</b>
At 1 June 2022 (as restated)	<b>218,000</b>	<b>40,000</b>	<b>258,000</b>
Charged to profit or loss	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>At 31 May 2023</b>	<b>318,000</b>	<b>40,000</b>	<b>358,000</b>

**Property Dilapidations**

The Group has entered into a number of property lease agreements the terms of which require that the buildings should be returned in a fit state to the landlord at the end of each lease. The amounts recognised are the best estimate of the costs to return these properties back to their original condition.

**Claims**

The Group may be involved in a number of disputes in the ordinary course of business which may give rise to claims against the Group by clients or regulatory bodies. The Group shall defend such claims where appropriate and where costs are likely to be incurred shall accrue for these costs, net of any recoveries made under professional indemnity insurance. In addition, the Group also provides for claims likely to be incurred but not yet reported or assessed at the balance sheet date.

Provisions were previously reported in creditors.

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**22. Loans and other debts due to members**

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>2023</b>	<b>As restated</b>	<b>2023</b>	<b>As restated</b>
	<b>£</b>	<b>2022</b>	<b>£</b>	<b>2022</b>
		<b>£</b>		<b>£</b>
Members' capital treated as debt	<b>9,552,805</b>	9,166,946	<b>9,552,805</b>	9,166,946
Other amounts due to members	<b>7,994,144</b>	11,311,191	<b>7,965,155</b>	11,317,167
	<b>17,546,949</b>	20,478,137	<b>17,517,960</b>	20,484,113

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

	<b>Group</b>	<b>Group</b>	<b>LLP</b>	<b>LLP</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Falling due within one year	<b>4,279,189</b>	9,705,003	<b>4,279,189</b>	9,705,003
Falling due after more than one year	<b>13,267,760</b>	10,773,134	<b>13,238,771</b>	10,779,110
	<b>17,546,949</b>	20,478,137	<b>17,517,960</b>	20,484,113

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

**23. Analysis of net debt (Group)**

	<b>At 1 June</b>	<b>Arising from</b>	<b>Other non-</b>	<b>At 31 May</b>
	<b>2022</b>	<b>cash flows</b>	<b>cash</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>changes</b>	<b>£</b>
			<b>£</b>	
Cash at bank and in hand	<b>157,264</b>	<b>1,091,763</b>	-	<b>1,249,027</b>
Bank overdrafts	<b>(966,752)</b>	<b>966,752</b>	-	-
Borrowings due within 1 year	<b>(1,333,333)</b>	<b>1,333,333</b>	<b>(333,333)</b>	<b>(333,333)</b>
Borrowings due after 1 year	<b>(333,333)</b>	-	<b>333,333</b>	-
<b>Net debt (before members' debt)</b>	<b>(2,476,154)</b>	<b>3,391,848</b>	-	<b>915,694</b>
<b>Loans and other debts due to members</b>				
Members' capital	<b>(9,166,946)</b>	<b>(607,213)</b>	<b>221,354</b>	<b>(9,552,805)</b>
Other amounts due to members	<b>(11,311,191)</b>	<b>14,621,838</b>	<b>(11,304,791)</b>	<b>(7,994,144)</b>
<b>Net debt</b>	<b>(22,954,291)</b>	<b>17,406,473</b>	<b>(11,083,437)</b>	<b>(16,631,255)</b>

**Notes to the financial statements**  
**For the year ended 31 May 2023**

**24. Prior year adjustment**

Following the release of the Statement of Recommended Practice for Limited Liability Partnerships (2021) the LLP has reviewed the accounting treatment of the various elements of member capital and the methods of allocation of profit to members. It has been determined that there should be a change in accounting policy so that member capital is reported as debt rather than equity to better reflect the members' agreement and actual practice. A prior year adjustment has been made to transfer fixed member capital and the merger reserve to members' capital treated as debt. Similarly, a prior year adjustment has been made to report the allocation of profit as members' remuneration treated as an expense rather than a discretionary allocation of profit in order to reflect the fact that a decision is made to divide the profits as they arise.

There is no impact on the reported Profit before members' remuneration and profit shares for the year. The opening equity interests of members were £15,013,617 (2022 - £20,273,453). These have now been reduced to nil with a corresponding increase in Members' capital treated as debt.

The LLP has also taken the opportunity to disclose provisions separately from creditors. This has no impact on the profit and loss account or Members' interests in the LLP.

**25. Commitments under operating leases**

At 31 May 2023 the Group and the LLP had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2023 £</b>	<b>Group 2022 £</b>	<b>LLP 2023 £</b>	<b>LLP 2022 £</b>
Not later than 1 year	<b>746,003</b>	760,785	<b>746,003</b>	760,785
Later than 1 year and not later than 5 years	<b>523,200</b>	939,698	<b>523,200</b>	939,698
Later than 5 years	-	160,417	-	160,417
	<b><u>1,269,203</u></b>	<b><u>1,860,900</u></b>	<b><u>1,269,203</u></b>	<b><u>1,860,900</u></b>

**26. Related party transactions**

The LLP has been charged rent of £Nil (2022 - £188,359) by Rapidbulb Limited, a company over which certain members of the LLP have significant influence. A balance of £Nil was outstanding at the year end (2022 - £Nil).

**27. Controlling party**

The LLP is not controlled by any single party.