



Reynolds Porter Chamberlain LLP

Report and Financial Statements

For the year ended 30 April 2019



Reynolds Porter Chamberlain LLP

Contents

Designated members, officers and professional advisers	3
Members' report	4
Statement of members' responsibilities	7
Independent auditor's report	8
Consolidated statement of comprehensive income	11
Consolidated balance sheet	12
LLP balance sheet	13
Consolidated statement of changes in members' interests	14
LLP statement of changes in members' interests	15
Consolidated statement of cash flows	16
Notes to the financial statements	17

Designated members, officers and professional advisers

DESIGNATED MEMBERS

TRB Anderson

JJ Drew

KM Hendy

T Hibbert

SA Laird

JP Miller

REGISTERED OFFICE

Tower Bridge House

St Katharine's Way

London E1W 1AA

AUDITOR

BDO LLP

55 Baker Street

London

W1U 7EU

BANKERS

Coutts & Co

440 Strand

London

WC2R 0QS

Members' report

The members submit their report and the consolidated financial statements of Reynolds Porter Chamberlain LLP and its subsidiary undertakings for the year ended 30 April 2019.

Reynolds Porter Chamberlain LLP (the LLP) is a limited liability partnership registered in England and Wales. The consolidated financial statements incorporate the financial statements of Reynolds Porter Chamberlain and its subsidiary undertakings (the Group) for the year ended 30 April 2019.

Principal Activities

The principal activity of the Group is that of providing legal services within the United Kingdom and Asia. All results derive from continuing activities.

Review of the business

We were pleased with the turnover growth this year of 2.8% (after adjusting for the removal from the consolidation of RPC Consulting LLP following the 30 April 2018 re-organisation into a joint venture arrangement between RPC LLP and Marriott Sinclair LLP) as the 2018 results included certain one-off success fees which were not repeated in 2019 and challenging external trading conditions persisted. Underlying turnover growth (excluding the success fees) was approximately 11%, this growth was driven by increased activity levels in the UK.

We continue to invest in the business including moving RPC Hong Kong into new offices in January 2019 with the new office giving us the space and state of the art facilities required to support the growth of our business.

	2019	2018
	£000	£000
Turnover for the year under FRS 102	106,055	109,410
Reynolds Porter Chamberlain Consulting LLP turnover included in 2018	-	(6,925)
Singapore Joint Legal Venture & Premier Law turnover not included in consolidation	2,444	2,988
Adjusted Group Turnover for the year	<u>108,499</u>	<u>105,473</u>
Profit for the financial year before members' remuneration and profit shares	28,591	25,124
Reynolds Porter Chamberlain Consulting LLP loss included in 2018	-	2,675
Singapore Joint Legal Venture & Premier Law profits not included in consolidation	9	8
Profit share of non-member international partners included within "Staff costs"	3,991	3,676
Total gross profit available for distribution to partners	<u>32,591</u>	<u>31,483</u>

	Notes	2019	2018
		No.	No.
Average number of members	6	64	72
Reynolds Porter Chamberlain Consulting LLP members in 2018		-	(4)
Average number of non-member partners with equivalent status		<u>12</u>	<u>11</u>
Average number of partners		<u>76</u>	<u>79</u>

Principal risks and uncertainties

The main risk and uncertainty affecting the Group is the economic conditions under which it operates and hence the market for high quality legal services. The other connected risk is the ability to attract and retain highly talented teams and individuals. The Group manages these risks by seeking out opportunities to increase value to clients and by constantly developing its members and staff.

Members' report (continued)

Management structure

The Partnership Executive (PEX) is the main management body and is responsible for reviewing the strategy and performance of the Group. PEX is chaired by the Managing Partner who is elected by all members for a period of three years. The Managing Partner nominates the other members of PEX. PEX currently consists of the designated members, with the CFO as a permanent invitee.

The Partnership Committee consists of the Senior Partner and three elected members. A joint committee of the designated members and the Partnership Committee are responsible for determining the amount of profit to be allocated to members and the split between members.

Staff

The Group is committed to diversity and inclusion. Our people are diverse and chosen for their experience, potential and personal attributes regardless of gender, sexual orientation, marital status, age, nationality, ethnic origin, religion or disability.

Effective communication and engagement with our staff is key for us to achieve our business objectives, including introducing change, improving client service, recruiting and retaining people, generating new ideas and maintaining high standards in regulatory matters.

We do everything you would expect from a modern firm in order to keep our staff informed and involved in the matters that are important to them and our business and they are encouraged to share their views and generate ideas. Our offices are entirely open plan, including for our Managing Partner, as this enhances collaboration and free exchanges of knowledge.

We have a social-business intranet called Edge which uses social media and content aggregation tools like blogs, wikis and discussion forums to keep staff up to date and well informed. We also hold regular face-to-face briefings, staff conferences and forums and circulate news bulletins (via voice mail and video) which reach all of our staff globally.

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

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the Group.

Profits are determined, allocated and divided between members after the year end. Where members are contractually entitled to remuneration this is treated as members' remuneration charged as an expense in the profit and loss account and allocated at the year end.

Members are invited to subscribe a level of capital, the amounts of which are determined by the performance and seniority of those members. On retirement, capital is repaid to members.

Members' report (continued)

Designated members

The following were designated members during the year ended 30 April 2019:

- TRB Anderson
- JE Barnes (resigned 5 April 2019)
- JJ Drew
- KM Hendy
- T Hibbert
- SA Laird
- JP Miller (Managing Partner)

Auditor

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditor for the purpose of their audit and to establish that the auditor is aware of that information. The members are not aware of any relevant audit information of which the auditor is not aware.

A resolution to reappoint BDO LLP, Chartered Accountants, will be put to the members at the annual general meeting.

Approved by the members and signed on their behalf



JP Miller

Designated member

10 January 2020

Statement of members' responsibilities

In the preparation of financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the group and limited liability partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under these Regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Liability Partnership and Group and of the profit or loss of the Limited Liability Partnership and Group for that period.

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

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and accounting estimates that are reasonable and prudent;
- (c) state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership and Group will continue in business.

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

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

Independent auditor's report to the members of Reynolds Porter Chamberlain Limited Liability Partnership

Opinion

We have audited the financial statements of Reynolds Porter Chamberlain Limited Liability Partnership ("the Limited Liability Partnership") and its subsidiaries ("the group") for the year ended 30 April 2019 which comprise the consolidated statement of comprehensive income, the consolidated and LLP balance sheet, the consolidated and LLP statements of changes in members' interests, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Limited Liability Partnership's affairs as at 30 April 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of Reynolds Porter Chamberlain Limited Liability Partnership (Continued)

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Responsibilities of Members

As explained more fully in the Statement of members' responsibilities, 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 Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Group or the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Reynolds Porter Chamberlain Limited Liability Partnership (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

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

Use of our report

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



Andrew William Radford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date 10/1/20

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated statement of comprehensive income

For the year ended 30 April 2019

	Notes	2019 £000	2018 £000
TURNOVER		106,055	109,410
Other operating income		35	233
		<u>106,090</u>	<u>109,643</u>
OPERATING EXPENSES			
Staff costs	5	(50,421)	(53,999)
Depreciation		(1,167)	(1,046)
Finance Cost		-	(1,070)
Other administrative expenses		(25,505)	(28,020)
GROUP OPERATING PROFIT	3	<u>28,997</u>	<u>25,508</u>
Interest receivable and similar income		89	69
Interest payable and similar charges	4	(495)	(453)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>28,591</u>	<u>25,124</u>
Members' remuneration charged as an expense		(569)	(523)
Profit for the financial year available for discretionary division among members		<u>28,022</u>	<u>24,601</u>
Currency translation gain/(loss) on foreign currency net investments		175	(156)
Total comprehensive income for year available for discretionary division among members		<u>28,197</u>	<u>24,445</u>
Profit for the financial year attributable to:			
Owners of the parent LLP		28,022	24,620
Non – controlling Interest		-	(19)
		<u>28,022</u>	<u>24,601</u>
Total comprehensive profit attributable to:			
Owners of the parent LLP		28,197	24,464
Non – controlling Interest		-	(19)
		<u>28,197</u>	<u>24,445</u>

The profit for the year arises from the Group's continuing operations.

The notes on pages 17 to 30 form part of these financial statements

Consolidated balance sheet

30 April 2019

	Notes	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	8	4,593	2,202
Intangible assets	9	111	137
Investments	10	2,196	2,208
		<u>6,900</u>	<u>4,547</u>
CURRENT ASSETS			
Unbilled revenue		5,622	5,861
Debtors	11	56,872	55,017
Amounts due from members		4,548	11,942
Cash at bank and in hand		589	552
		<u>67,631</u>	<u>73,372</u>
CREDITORS: Amounts falling due within one year	12	(27,071)	(33,707)
NET CURRENT ASSETS		<u>40,560</u>	<u>39,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		47,460	44,212
CREDITORS: Amounts falling due after more than one year	13	(3,114)	(1,199)
PROVISIONS FOR LIABILITIES	16	(2,412)	(1,758)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>41,934</u>	<u>41,255</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as a liability		16,309	17,495
EQUITY			
Members' other reserves		25,723	23,683
Translation reserve		(98)	77
		<u>41,934</u>	<u>41,255</u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members		(4,548)	(11,942)
Loans and other debts due to members		16,309	17,495
Members' other interests		25,723	23,683
		<u>37,484</u>	<u>29,236</u>

The financial statements on pages 11 to 30 were approved by the members, authorised for issue and signed on their behalf on 10 January 2020 by:



JP Miller

Designated member

Registered number OC317402


The notes on pages 17 to 30 form part of these financial statements

LLP balance sheet

30 April 2019

	Notes	2019 £000	2018 £000
FIXED ASSETS			
Tangible assets	8	2,108	2,115
Intangible assets	9	111	137
Investments	10	2,196	2,208
		<u>4,415</u>	<u>4,460</u>
CURRENT ASSETS			
Unbilled revenue		5,365	5,215
Debtors	11	58,948	56,826
Amounts due from members		4,548	11,942
Cash at bank and in hand		122	115
		<u>68,983</u>	<u>74,098</u>
CREDITORS: Amounts falling due within one year	12	(24,169)	(31,952)
NET CURRENT ASSETS		<u>44,814</u>	<u>42,146</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,229	46,606
CREDITORS: Amounts falling due after more than one year	13	(606)	(1,180)
PROVISIONS FOR LIABILITIES	16	(1,978)	(1,709)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>46,645</u>	<u>43,717</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS			
Members' capital classified as a liability		16,309	17,495
EQUITY			
Members' other reserves		30,415	26,274
Translation reserve		(79)	(52)
		<u>46,645</u>	<u>43,717</u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members		(4,548)	(11,942)
Loans and other debts due to members		16,309	17,495
Members' other interests		30,415	26,274
		<u>42,176</u>	<u>31,827</u>

The financial statements on pages 11 to 30 were approved by the members, authorised for issue and signed on their behalf on 10 January 2020 by:



JP Miller
Designated member

Registered number OC317402

The notes on pages 17 to 30 form part of these financial statements

The profit available for discretionary division among members of the parent LLP for the year was £32,713,815 (2018: £29,865,340).

Consolidated statement of changes in members' interests

30 April 2019

	Members' Equity Interests	Loans and other debts from members		Total members' interest	
	Other reserves £000	Members' capital classed as a liability £000	Other reserves £000	Total £000	Total £000
Balance at 1 May 2017	21,439	18,782	(11,416)	7,366	28,805
Members remuneration charged as an expense	-	-	523	523	523
Profit for the financial year available for division among members	24,620	-	-	-	24,620
Members' interests after profit for the year	46,059	18,782	(10,893)	7,889	53,948
Profit allocated	(24,232)	-	24,232	24,232	-
Transfer to reserves	12,508	-	-	-	12,508
Restructure of subsidiary	(10,652)	(572)	112	(460)	(11,112)
Capital introduced by members	-	1,640	-	1,640	1,640
Repayment of capital	-	(2,355)	-	(2,355)	(2,355)
Drawings	-	-	(25,393)	(25,393)	(25,393)
Balance at 30 April 2018	23,683	17,495	(11,942)	5,553	29,236
Members remuneration charged as an expense	-	-	569	569	569
Profit for the financial year available for division among members	28,022	-	-	-	28,022
Members' interests after profit for the year	51,705	17,495	(11,373)	6,122	57,827
Profit allocated	(25,982)	-	25,982	25,982	-
Capital introduced by members	-	1,786	-	1,786	1,786
Repayment of capital	-	(2,972)	-	(2,972)	(2,972)
Drawings	-	-	(19,157)	(19,157)	(19,157)
Balance at 30 April 2019	25,723	16,309	(4,548)	11,761	37,484

LLP statement of changes in members' interests

30 April 2019

	Members' Equity Interests	Loans and other debts from members			Total members' interest
	Other reserves £000	Members' capital classed as a liability £000	Other reserves £000	Total £000	Total £000
Balance at 1 May 2016	24,068	17,869	(11,253)	6,616	30,684
Members remuneration charged as an expense	-	-	523	523	523
Profit for the financial year available for division among members	29,868	-	-	-	29,868
Members' interests after profit for the year	53,936	17,869	(10,730)	7,139	61,075
Profit allocated	(25,862)	-	25,862	25,862	-
Transfer to reserves	(1,800)	-	-	-	(1,800)
Capital introduced by members	-	1,640	-	1,640	1,640
Repayment of capital	-	(2,014)	-	(2,014)	(2,014)
Drawings	-	-	(27,074)	(27,074)	(27,074)
Balance at 30 April 2018	26,274	17,495	(11,942)	5,553	31,827
Members remuneration charged as an expense	-	-	569	569	569
Profit for the financial year available for division among members	32,714	-	-	-	32,714
Members' interests after profit for the year	58,988	17,495	(11,373)	6,122	65,110
Profit allocated	(28,573)	-	28,573	-	-
Capital introduced by members	-	1,786	-	1,786	1,786
Repayment of capital	-	(2,972)	-	(2,972)	(2,972)
Drawings	-	-	(21,748)	(21,748)	(21,748)
Balance at 30 April 2019	30,415	16,309	(4,548)	11,761	42,176

Consolidated statement of cash flows

For the year ended 30 April 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Profit for the financial year		28,022	24,620
Adjustments for:			
Depreciation	8	1,167	1,046
Exchange adjustment on fixed assets	8	(37)	6
Amortisation of intangible assets	9	34	918
Impairment of intangible assets	9	-	561
Net interest payable	4	406	384
Decrease/(Increase) in amounts recoverable on contracts		239	(411)
Decrease/(Increase) in debtors		(1,855)	3,064
(Decrease)/Increase in creditors		450	(990)
Impairment of Investment		35	250
Decrease in Provision		(166)	249
Foreign exchange on bank balances		(24)	187
		<u>28,271</u>	<u>29,884</u>
Cash from operations			
Members' drawings in relation to remuneration		(18,586)	(24,943)
Net Cash generated from operating activities		<u>9,685</u>	<u>4,941</u>
Cash flows from investing activities			
Purchases of tangible fixed assets	8	(2,708)	(223)
Purchases of intangible assets including deferred consideration	9	(8)	(2,822)
Purchases of investments		(15)	(20)
Restructure of subsidiary		-	(570)
Interest received		89	69
		<u>(2,642)</u>	<u>(3,566)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Capital element of lease repaid		(304)	(308)
Capital introduced by members		1,786	1,640
Capital repaid to members		(2,972)	(2,355)
Loan made to partners/staff		-	-
Interest paid	4	(491)	(453)
New bank loans		4,036	1,247
Bank loans repaid		(2,242)	(4,138)
		<u>(187)</u>	<u>(4,367)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		6,856	(2,992)
Cash and cash equivalents at beginning of year		(8,730)	(5,710)
Foreign exchange gains & losses		(130)	(28)
Cash and cash equivalents at end of year		<u>(2,004)</u>	<u>(8,730)</u>
Cash and cash equivalents comprise			
Cash at bank and at hand		589	552
Bank overdrafts		(2,594)	(9,282)
		<u>(2,004)</u>	<u>(8,730)</u>

Notes to the financial statements

For the year ended 30 April 2019

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Reynolds Porter Chamberlain LLP is a Limited Liability Partnership ('LLP') incorporated in England & Wales. The address of the registered office is given on page 3 and the nature of the Group's operations and its principal activities are set out in the members' report. The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', including the Statement of Recommended Practice (2018), 'Accounting by Limited Liability Partnerships'.

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 judgement in applying the Group's accounting policies (see note 2).

PARENTAL LLP DISCLOSURE EXEMPTIONS

In preparing the separate financial statements of the parent LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no Statement of Cash Flow has been presented for the parent LLP; and
- disclosures in respect of the parent LLP's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent LLP as their remuneration is included in the totals for the group as a whole.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate Reynolds Porter Chamberlain LLP and its subsidiary undertakings. A subsidiary undertaking for consolidation purposes is treated as a subsidiary undertaking where the LLP has a significant participating interest and exercises dominant influence over its operating and financial policy decisions.

The group holds a 50% share of RPC Premier Law (Joint Legal Venture) and of Reynolds Porter Chamberlain Consulting LLP both are being accounted for as joint ventures under FRS 102.

Investments in joint ventures are recognised initially in the consolidated and parent Limited Liability Partnership's statements of financial position at cost. Subsequently this is adjusted to reflect the share of the total comprehensive income and equity in the joint venture, less provision for impairment in the consolidated statement of financial position of the Group. Losses in excess of the carrying amount of an investment in the joint venture are recorded as a provision only when the Group has incurred or constructive obligations to repay those losses to the joint venture or has made payments on behalf of the joint venture.

MEMBERS' REMUNERATION

In accordance with the provisions of the SORP, amounts due to members in respect of participation rights in the LLP that give rise to a liability are treated as members' remuneration charged as an expense in the LLP's profit and loss. These amounts consist of the fixed share of equity members' remuneration.

Notes to the financial statements (Continued)

For the year ended 30 April 2019

1.ACCOUNTING POLICIES (continued)

Any divisions out of the remaining profits are reported as equity allocations when they occur.

MEMBERS' INTEREST

Members subscribe capital in proportion to their seniority and performance. Members' capital is repayable when the member leaves the Group.

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historic cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Leasehold improvements	The shorter of the life of the lease or the useful economic life of the improvement
Office fixtures and fittings	20% straight line
Computer equipment	20-33% straight line

INTANGIBLE ASSETS

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's fair value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Software

Software represents the value allocated on acquisition of software licences, licences are amortised over 5 years.

INVESTMENTS

Fixed Asset Investments are in the form of convertible loan notes and are measured at fair value. As the shares are not publicly traded the fair value is calculated at cost less any provision for impairment. Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment and are accounted for via the equity method of accounting.

Notes to the financial statements (Continued)

For the year ended 30 April 2019

1.ACCOUNTING POLICIES (continued)

TURNOVER

Turnover from services represents amounts chargeable to clients for professional services provided during the year, excluding disbursements where the firm acts as agent and sales tax. The Group only recognises turnover once services have been provided.

Services provided to clients which at the balance sheet date have not been billed have been recognised as turnover. Turnover recognised in this manner is based on an assessment of the fair value of services provided by the balance sheet date.

Where the right to receive payment is contingent on factors outside the control of the group and the matter is part of a portfolio of similar matters where we have historic data showing likely outcomes then this data is used to calculate the likelihood of success and the value likely to be recovered. This 'portfolio' approach is only taken where we are not aware of any specific reason why recovery on the matter is not probable. Where recovery is not considered probable turnover is only recognised (over and above any agreed minimum fee) when the contingent event occurs.

FOREIGN CURRENCIES

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the LLP's functional and the group's presentation currency.

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates with any exchange differences taken to profit or loss. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

For consolidation purposes the assets and liabilities of overseas subsidiaries and branches are translated at closing exchange rates. The results of such undertakings are consolidated at average rates of exchange during the year. Exchange differences arising on the translations are recognised in other comprehensive income.

PENSION CONTRIBUTIONS AND POST RETIREMENT PAYMENTS TO MEMBERS

The Group makes contributions to individual employee money purchase pension plans. The pension cost charge represents amounts payable by the Group in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

For the year ended 30 April 2019

1.ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

All financial assets and liabilities are initially measured at transaction price (including transaction costs) except for those classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts.

LEASES

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to profit or loss over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the term of the lease. Benefits received as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date.

In the normal course of business, the Group may receive claims for alleged negligence. The Group maintains substantial professional indemnity cover through the commercial market. Where appropriate, provision is made for the costs arising from such claims net of the related insurance receivable. Claims notified are not expected to give rise to any material unprovided liability. Provisions for claims are made on a case-by-case basis in respect of the cost of defending claims and, where appropriate, the estimated cost to the Group of settling claims. No separate disclosure is made of the cost of claims covered by insurance, as to do so could seriously prejudice the position of the Group.

TAXATION

The taxation payable on the Group's profits is the personal liability of the members and therefore not shown in these financial statements.

GOING CONCERN

The members confirm that they are satisfied that the Group has sufficient resources to meet its obligations as they fall due. This has been determined by review of cash flow forecasts and expected trading performance for at least 12 months from the date of approval of these financial statements.

SEGMENTAL INFORMATION

Segmental information is not disclosed as the members believe it would be prejudicial to the Group.

Notes to the financial statements (continued)

For the year ended 30 April 2019

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of Unbilled Revenue

The group values unbilled revenue based on an assessment of the services provided, including the use of historic recovery rates to estimate the future recoverability of the work performed. Contingent WIP is recognised based on management's experience assessing the likelihood of a successful outcome, combined with an analysis of the history of recovery on matters of a similar nature. Material estimation uncertainty arises in the application of these historical recovery rates to the gross unbilled time, however the impact of the rates on the provision is reviewed by management to assure they remain materially acceptable.

Impairment of Trade Debtors (Note 11)

The recoverable value of trade debtors has been made on the basis of estimations and assumptions regarding their fair value. Likely impairment is calculated with reference to the age of the trade debtor balance and management's understanding of likely recoverability, taking into account the history of the specific client. This provisioning is reviewed by management and compared to the firm's history of recovery to assure they remain materially acceptable.

Valuation of provisions (Note 16)

Management assess if provisions are to be included in the financial statements based on their best estimate of impact on future cash flows and whether or not an obligation is arising as a result of a past event. Provisions include expected costs for lease termination, professional indemnity settlement costs, contingent consideration and other commercial claims.

Notes to the financial statements (continued)

For the year ended 30 April 2019

3. OPERATING PROFIT

	2019	2018
	£000	£000
Operating profit is stated after charging / (crediting):		
Depreciation on tangible fixed assets:		
– owned assets	989	894
– held under finance leases	178	152
Amortisation and impairment of intangible assets, including goodwill	34	1,479
Auditor's remuneration		
– statutory audit of LLP and Group financial statements	61	90
– tax	184	163
– other services	83	43
Operating lease rentals		
– plant and machinery	3	46
– land and buildings	5,361	5,159
Foreign exchange (gain)/loss	(800)	1,037

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£000	£000
On bank loans and overdrafts	350	320
Other charges	145	133
	<u>495</u>	<u>453</u>

Notes to the financial statements (continued)

For the year ended 30 April 2019

5. STAFF COSTS

	2019	2018
	No.	No.
The average monthly number of persons (excluding members) employed by the LLP during the year was:		
Fee earners	342	378
Support staff	237	235
	<u>579</u>	<u>613</u>

	2019	2018
	£000	£000
Staff costs for above persons:		
Wages and salaries	40,623	43,907
Social security costs	3,768	4,190
Pension costs	1,767	1,827
Other staff costs	4,263	4,075
	<u>50,421</u>	<u>53,999</u>

6. MEMBERS REMUNERATION

	2019	2018
	No.	No.
Average number of members	<u>64</u>	<u>72</u>

The estimated profit attributable to the highest paid member is £1,747,093 (2018: £1,192,903). The LLP divides profit according to the signed members' agreement, whereby profits are allocated according to interest on members' accounts and any remaining profits are allocated in profit sharing ratios prevailing at the time.

Notes to the financial statements (continued)

For the year ended 30 April 2019

7. PROFIT OF THE LLP

The LLP has taken advantage of the exemption allowed under the Companies Act 2006 as applied to LLPs and has not presented its own statement of comprehensive income in these financial statements.

8. TANGIBLE FIXED ASSETS

	Leasehold improvements	Office fixtures and fittings	Computer Equipment	Total
	£000	£000	£000	£000
Group				
<i>Cost</i>				
At 1 May 2018	10,811	3,003	4,804	18,618
Additions	2,790	351	386	3,527
Disposals	(847)	(70)	(498)	(1,415)
Translation adjustment	68	11	50	129
At 30 April 2019	12,822	3,295	4,742	20,859
<i>Depreciation</i>				
At 1 May 2018	9,842	2,751	3,823	16,416
Charge for the year	562	122	483	1,167
Disposals	(847)	(70)	(498)	(1,415)
Translation adjustment	50	6	42	98
At 30 April 2019	9,607	2,809	3,850	16,266
<i>Net book value</i>				
At 30 April 2019	3,215	486	892	4,593
At 30 April 2018	969	252	981	2,202

Notes to the financial statements (continued)

For the year ended 30 April 2019

8. TANGIBLE FIXED ASSETS (continued)

	Leasehold improvements	Office fixtures and fittings	Computer Equipment	Total
	£000	£000	£000	£000
LLP				
Cost				
At 1 May 2018	10,811	2,962	4,651	18,424
Additions	817	34	82	933
Disposals	(847)	(29)	(483)	(1,359)
Translation adjustment	60	5	39	104
At 30 April 2019	<u>10,841</u>	<u>2,972</u>	<u>4,289</u>	<u>18,102</u>
Depreciation				
At 1 May 2018	9,841	2,733	3,735	16,309
Charge for the year	458	77	422	957
Disposals	(847)	(29)	(483)	(1,359)
Translation adjustment	49	2	36	87
At 30 April 2019	<u>9,501</u>	<u>2,783</u>	<u>3,710</u>	<u>15,994</u>
Net book value				
At 30 April 2019	<u>1,340</u>	<u>189</u>	<u>579</u>	<u>2,108</u>
As 30 April 2018	<u>970</u>	<u>229</u>	<u>916</u>	<u>2,115</u>

Leased assets included within tangible fixed assets:

	Net book value At 30 April 2018	Additions	Depreciation	Net book value At 30 April 2019
	£000	£000	£000	£000
Group	<u>452</u>	<u>57</u>	<u>(178)</u>	<u>331</u>
LLP	<u>384</u>	<u>31</u>	<u>(165)</u>	<u>250</u>

9. INTANGIBLE ASSET

Group and LLP	Net book value At 1 May 2018	Additions	Amortisation	Net book value At 30 April 2019
	£000	£000	£000	£000
Software	<u>137</u>	<u>8</u>	<u>(34)</u>	<u>111</u>
	<u>137</u>	<u>8</u>	<u>(34)</u>	<u>111</u>

Notes to the financial statements (continued)

For the year ended 30 April 2019

10. INVESTMENTS

	Group £000	LLP £000
Cost:		
At 1 May 2018	2,208	2,208
Additions	15	15
Translation adjustment	8	8
Impairment	(35)	(35)
At 30 April 2019	<u>2,196</u>	<u>2,196</u>
Net book value		
At 30 April 2019	<u>2,196</u>	<u>2,196</u>
At 30 April 2018	<u>2,208</u>	<u>2,208</u>

The investment relates to the LLP's share in the joint venture Reynolds Porter Chamberlain Consulting LLP (Registered address: Tower Bridge House, St Katherine's Way, London E1W 1AA).

For accounting purposes, at 30 April 2019 Reynolds Porter Chamberlain LLP had the power to exercise, or actually exercised a dominant influence or control over RPC Hong Kong, a partnership registered in Hong Kong, providing legal services (Registered Address: 38/F One Taikoo Place, 979 King's Road, Quarry Bay Hong Kong). Accordingly this entity has been consolidated into these Group financial statements.

At 30 April 2019 Reynolds Porter Chamberlain LLP held a 50% share of RPC Premier Law a Joint Legal Venture registered in Singapore providing legal services (Registered Address: 12 Marina Boulevard, #38-04 Marina Bay Financial Centre, Tower 3, Singapore 018982). 50% of the results of this joint venture have been included in the profit & loss of the LLP.

RPC Hong Kong is regulated by the Law Society of Hong Kong, and operates in an association with Reynolds Porter Chamberlain LLP.

Other subsidiaries included the following entities:

	Proportion directly held	Nature of business
RPC Secretaries Ltd	100%	Dormant

11. DEBTORS

	2019 £000	2018 £000
Group		
Due within one year:		
Trade debtors	46,916	45,869
Other debtors	381	636
Amounts due from related parties	3,647	3,211
Prepayments	5,928	5,301
	<u>56,872</u>	<u>55,017</u>

Notes to the financial statements (continued)

For the year ended 30 April 2019

11. DEBTORS (continued)

	2019 £000	2018 £000
LLP		
Due within one year:		
Trade debtors	43,363	41,455
Other debtors	377	635
Amounts due from other group undertakings and other related parties	10,178	9,731
Prepayments	5,030	5,005
	<u>58,948</u>	<u>56,826</u>

The impairment loss recognised in the group profit or loss for the year in respect of bad and doubtful trade debtors was £1,806,691 (2018: £1,586,853). The impairment loss recognised in the LLP profit or loss for the year in respect of bad and doubtful trade debtors was £1,030,068 (2018: £624,344)

12. CREDITORS: Amounts falling due within one year

	2019 £000	2018 £000
Group		
Bank loans and overdrafts	4,070	10,853
Trade creditors	11,308	10,433
Taxation and social security	2,360	3,543
Other creditors	2,813	3,121
Accruals	6,520	5,757
	<u>27,071</u>	<u>33,707</u>
LLP		
Bank loans and overdrafts	3,522	10,873
Trade creditors	10,824	9,801
Taxation and social security	2,360	3,543
Other creditors	2,740	3,091
Accruals	4,723	4,644
	<u>24,169</u>	<u>31,952</u>

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

	2019 £000	2018 £000
Group		
Bank loans	2,570	678
Other creditors	544	521
	<u>3,114</u>	<u>1,199</u>
LLP		
Bank loans	380	658
Other creditors	226	522
	<u>606</u>	<u>1,180</u>

Notes to the financial statements (continued)

For the year ended 30 April 2019

14. ANALYSIS OF DEBT MATURITY

	2019 £000	2018 £000
Amounts repayable by instalments:		
In one year or less or on demand	1,477	1,591
In more than one year, but not more than two years	832	277
In more than two years, but not more than five years	1,738	382
	<u>4,047</u>	<u>2,250</u>

At 30 April 2019, the Group had bank overdraft facilities of £12.5 million of which £2,594,479 (2018: £9,282,082) was utilised. The bank overdraft is secured on the members' interests and the facility was renewed in September 2019.

One bank loan is fully repayable by 2021, bearing an interest rate of 2.75% plus BBR respectively and was for the purpose of funding the investment in and development of RPC Consulting. The balance of this loan at year end was £660,616 (2018: £926,762).

A new loan was taken out in the year for the purpose of funding Professional Indemnity insurance, this loan is repayable in 2019, bears an interest rate of 2.5% plus BBR. The balance at year end was £648,874.

A new loan was taken out in the year for the purpose of funding the office move for RPC Hong Kong, this loan is repayable by 2023, bears an interest rate of 2.5% plus the bank's currency funding rate for HKD. The balance at year end was HKD28,000,000 (£2,737,792).

The loans are secured on the members' interests.

15. FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

	2019 £000	2018 £000
Financial Assets		
Financial assets measured at fair value through profit or loss	2,196	2,208
Financial assets that are debt instruments measured at amortised cost	58,055	74,591
	<u>60,252</u>	<u>76,799</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	27,825	31,363
	<u>27,825</u>	<u>31,363</u>

Financial assets measured at fair value through profit or loss comprised fixed asset investments in convertible loan notes.

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, unbilled revenue and amounts due from members.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Notes to the financial statements (continued)

For the year ended 30 April 2019

16. PROVISIONS FOR LIABILITIES

	At 1 May 2018	Additions	Unwinding of Discount	Amounts utilised or released in year	Net book value At 30 April 2019
	£000	£000	£000	£000	£000
Group					
Claims	973	282	-	(705)	550
Dilapidations	785	1,223	49	(195)	1,861
Total	<u>1,758</u>	<u>1,505</u>	<u>49</u>	<u>(900)</u>	<u>2,412</u>
	At 1 May 2018	Additions	Unwinding of Discount	Amounts utilised or released in year	Net book value At 30 April 2019
	£000	£000	£000	£000	£000
LLP					
Claims	924	282	-	(676)	530
Dilapidations	785	819	39	(195)	1,448
Total	<u>1,709</u>	<u>1,101</u>	<u>39</u>	<u>(871)</u>	<u>1,978</u>

In the normal course of business, the Group may receive claims for alleged negligence. The Group maintains substantial professional indemnity cover through the commercial market. Where appropriate, provision is made for the costs arising from such claims net of the related insurance receivable. Claims notified are not expected to give rise to any material unprovided liability.

The provision for dilapidations is in respect of property leases which contain a requirement for the premises to be returned to their original state prior to the conclusion of the lease term.

17. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2019, there were minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Land and buildings		
Not later than 1 year	5,146	4,938
Later than 1 year and not later than 5 years	9,240	5,597
Greater than 5 years	2,228	-
	<u>16,614</u>	<u>10,535</u>
Other operating leases		
Not later than 1 year	40	31
Later than 1 year and not later than 5 years	36	-
	<u>76</u>	<u>31</u>
	<u>16,690</u>	<u>10,566</u>

Notes to the financial statements (continued)

For the year ended 30 April 2019

18. CONTROLLING PARTY

The LLP is controlled by its members as delegated to the management team and as such there is no one controlling party.

19. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party of RPC LLP.

The LLP has taken advantage of the exemption under FRS 102 not to disclose transactions between the LLP itself and its wholly owned subsidiary. Transactions between the LLP and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the normal course of business, the Group undertakes a number of transactions with members (e.g. subscription of capital, drawings etc.), which are governed by the LLP's Members Agreement. There were no transactions with members requiring disclosure under the guidance of FRS 102 in either the current or preceding financial year.

Key management personnel include all designated members and a number of senior members and senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £7,490,935 (2018 - £5,980,313).

During the year the LLP undertook a number of transactions with RPC Premier Law, a joint legal venture 50% owned by the LLP and 50% owned by Premier Law. The LLP also undertook transactions with Premier Law. The LLP received income of £1,227,504 (2018: £1,591,067) from these related parties and recharged costs to them of £560,648 (2018: £552,860).

At 30 April 2019 the LLP was owed £2,219,540 by RPC Premier Law (2018: £18,482) and owed £1,053,710 to Premier Law (2018 was owed: £1,555,186).

The LLP also undertook transactions with Reynolds Porter Chamberlain Consulting LLP during the year.

Loan to Reynolds Porter Chamberlain Consulting LLP	500,000
Charges to Reynolds Porter Chamberlain Consulting LLP for services provided	1,522,840

The outstanding balance with Reynolds Porter Chamberlain Consulting LLP at 30 April 2019 is a debtor of £2,467,515 (2018: £1,635,868)

20. CAPITAL COMMITMENTS

The Group has no capital commitments approved and contracted for but not provided for in these financial statements (2018: £nil).