

Registered number: OC333653

Pinsent Masons LLP

Annual Report and Financial Statements

For the year ended 30 April 2023

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Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2023

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Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2023

Officers and Professional Advisors

Registered number

OC333653

Designated members

Andrew Masraf
Laura Cameron

Registered office

30 Crown Place
London
United Kingdom
EC2A 4ES

Bankers

Barclays Bank plc
1 Churchill Place
London
United Kingdom
E14 5HP

Royal Bank of Scotland plc
280 Bishopsgate
London
United Kingdom
EC2M 4RB

HSBC Bank PLC
60 Queen Victoria Street
London
United Kingdom
EC4N 4TR

Lloyds Bank PLC
25 Gresham Street
London
United Kingdom
EC2V 7HN

Auditor

Deloitte LLP
Statutory Auditor
1 New St Square
London
United Kingdom
EC4A 3HQ

Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2023

Members' Report

The members present their annual report on the affairs of Pinsent Masons LLP ("the LLP"), together with the financial statements and auditor's report, for the year ended 30 April 2023.

Firm Structure

Pinsent Masons LLP is a Limited Liability Partnership registered in England and Wales with registered number OC333653. A list of members and non-members who are designated as partners is available for inspection at 30 Crown Place, London, United Kingdom, EC2A 4ES, which is also the LLP's principal place of business and registered office.

The LLP has branches, as defined in Section 1046(3) of the Companies Act 2006, outside the UK in the United Arab Emirates, Qatar, Singapore and People's Republic of China.

The subsidiary undertakings of the LLP are set out in the Appendix to the notes to the financial statements.

Principal Activity

The LLP's principal activity is the provision of legal services. All results derive from continuing activities.

Review of the Business and Future Developments

The LLP's business plan is to continue to invest and grow in its existing locations and key sectors while retaining appropriate profitability, supporting the LLP's strategy to be the market leading law firm in its chosen markets and core sectors.

Going Concern

The LLP is the largest trading subsidiary within the Pinsent Masons International LLP Group (the 'Group'). The Group going concern assessment therefore relies significantly on the assessment of the LLP's trading prospects, which form the basis of the below going concern review for the LLP.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the members have considered the business activities as set out in the Members' Report, and the critical accounting judgements and estimates as set out in Note 2.

The LLP has access to a £35m revolving credit facility with its main bankers. As at 31 July 2023 all financial covenant tests on the facility were met with significant headroom. The latest cash flow forecast suggests we will continue to meet future covenant tests comfortably. As a result, the Board believes that the LLP is well placed to manage its financing and other significant risks satisfactorily and that the LLP will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Board considers it appropriate for the LLP to adopt the going concern basis in preparing its financial statements.

Streamlined Energy and Carbon Report (SECR)

In line with the Companies Act 2006 (2013 Regulations) and the recently introduced Streamlined Energy and Carbon Report (SECR) requirement, the Pinsent Masons Group is disclosing its annual Greenhouse Gas (GHG) emissions in the Group Annual Report for the year ended 30 April 2023. We are required to report the emissions of carbon dioxide equivalence (CO₂e), a CO₂e intensity value, and the consumption of supplied electricity in the UK. The methodologies and processes used to calculate these emissions are also disclosed.

Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2023

Members' Report (continued)

Designated Members

The designated members who served during the year and up to the date of approval of these financial statements were as follows:

Andrew Masraf	(Appointed 1 October 2022)
Laura Cameron	(Appointed 1 May 2023)
John Cleland	(Resigned 1 May 2023)
Richard Foley	(Resigned 1 October 2022)

Members' Drawings and Capital Policy

The policy on members' drawings is dependent upon the working capital requirements of the LLP. A conservative level of monthly drawings is set at the start of the year and further distributions are made once the profit for the year can be estimated.

The level of members' capital is determined by the members from time to time. Capital is repaid to members following cessation of membership of the LLP.

Disabled Employees and Diversity

Without the support and commitment of its people the LLP would not be the successful, growing business that it is today. That is why the LLP works hard to sustain an inclusive culture for its staff and attain a diverse workforce that is fully representative of all of the communities in which its employees live and work.

Employee Consultation

The LLP places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the LLP. This is achieved through formal and informal meetings and regular staff surveys.

Charitable and Political Donations

During the year the LLP made charitable donations of £173,000 (2022: £55,000) to a number of chosen independent charities.

The LLP made no donations to political parties during the year (2022: nil).

Modern Slavery Act 2015

The LLP has a zero tolerance policy towards modern slavery and human trafficking and is committed to ensuring that there is no modern slavery or human trafficking in the supply chains or in any part of the business.

Pinsent Masons LLP


Annual Report and Financial Statements For the year ended 30 April 2023

Members' Report (continued)

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP as the LLP's auditor will be proposed at the next Board meeting.

Approved by the members and signed on its behalf by:

DocuSigned by:

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Laura Cameron

Managing Partner and Designated Member

12 October 2023

Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2023

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law as applied to Limited Liability Partnerships, the financial statements are required by law to give a true and fair view of the state of affairs of the firm and of 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to Limited Liability Partnerships. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Pinsent Masons LLP

Independent Auditor's Report to the Members of Pinsent Masons LLP For the year ended 30 April 2023

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pinsent Masons LLP (the 'LLP'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in members' interests; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

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

Pinsent Masons LLP

Independent Auditor's Report to the Members of Pinsent Masons LLP For the year ended 30 April 2023 (continued)

Other information (continued)

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

We have nothing to report in this regard.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the 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 LLP or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the LLP's industry and its control environment, and reviewed the LLP's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities, including those that are specific to the LLP's business sector.

We obtained an understanding of the legal and regulatory frameworks that the LLP operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the LLP's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Pinsent Masons LLP

Independent Auditor's Report to the Members of Pinsent Masons LLP For the year ended 30 April 2023 (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

As a result of performing the above, we identified the greatest potential for fraud the following areas, and our procedures performed to address them are described below:

- Revenue recognition which was pinpointed to the valuation of unbilled time (amounts recoverable on contracts, being work in progress or "WIP") and the application of appropriate recovery rates. In response to this, we have:
 - Obtained an understanding of the management review controls relating to the valuation of unbilled time;
 - tested a sample of matters with WIP at 30 April 2023 by inspecting subsequent bills raised since year end to assess the status of the project and recoverability of any remaining WIP;
 - calculated an average recovery rate in the sampled matters and benchmarked these against the recovery rates applied by management; and
 - assessed the outcome for all unbilled time as at 30 April 2023 up to and including the most recent monthly data prior to the signing of the financial statements.
- Trade receivables valuation and bad debt provision, pinpointed to the completeness of the bad debt provision and the valuation of associated trade receivables. In response to this, we have:
 - Obtained an understanding of the management review controls relating to the valuation of trade receivables and completeness of the bad debt provision;
 - performed substantive cash after date testing on a sample of aged invoices across the entities within the group using significant risk sample size for appropriate coverage; and
 - performed a post period recoverability review over provision balances across the group, up to and including the most recent monthly data prior to the signing of the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Pinsent Masons LLP

**Independent Auditor's Report to the Members of Pinsent Masons LLP
For the year ended 30 April 2023 (continued)**

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Jeremy Black MA ACA (Senior statutory auditor)

For and behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

13 October 2023

Pinsent Masons LLP

Profit and Loss Account
For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Turnover	3	483,405	419,392
Other operating income		3,438	2,772
		<hr/>	<hr/>
Operating costs			
Staff costs	6	(206,014)	(178,800)
Depreciation and amortisation		(8,673)	(8,839)
Other operating charges		(116,053)	(98,161)
		<hr/>	<hr/>
Operating profit		156,103	136,364
Income from shares in group undertakings		6,507	6,926
		<hr/>	<hr/>
Profit before interest and taxation		162,610	143,290
Net finance income	5	2,104	316
		<hr/>	<hr/>
Profit before taxation and members' remuneration and profit for the financial year available for discretionary division among members	4, 7	164,714	143,606
		<hr/> <hr/>	<hr/> <hr/>

Profit for the year is derived from continuing operations.

Pinsent Masons LLP

**Statement of Comprehensive Income
For the year ended 30 April 2023**

	2023 £'000	2022 £'000
Profit for the financial period available for discretionary division among members	164,714	143,606
Foreign exchange translation movements	3,041	(82)
Other comprehensive income/(expense)	3,041	(82)
Total comprehensive income available for discretionary division among members	<u>167,755</u>	<u>143,524</u>

Pinsent Masons LLP

Balance Sheet

At 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	8	2,140	2,967
Tangible assets	9	22,758	27,123
		<u>24,898</u>	<u>30,090</u>
Current assets			
Amounts due from members		39,053	19,606
Debtors	11	244,749	220,635
Cash at bank and in hand	10	57,544	49,643
		<u>341,346</u>	<u>289,884</u>
Creditors: amounts falling due within one year	12	(80,170)	(74,667)
Net current assets		<u>261,176</u>	<u>215,217</u>
Total assets less current liabilities		286,074	245,307
Creditors: amounts falling due after more than one year	13	(16,918)	(18,684)
Provisions for liabilities	14	(6,910)	(6,775)
Net assets attributable to members		<u>262,246</u>	<u>219,848</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		60,001	61,457
Other amounts		37,351	18,147
		<u>97,352</u>	<u>79,604</u>
Equity			
Members' other interests		164,894	140,244
		<u>262,246</u>	<u>219,848</u>
Total members' interests			
Amounts due from members		(39,053)	(19,606)
Loans and other debts due to members		97,352	79,604
Members' other interests		164,894	140,244
		<u>223,193</u>	<u>200,242</u>

The notes form part of the financial statements.

The financial statements of Pinsent Masons LLP (registered number OC333653) were approved by the board and authorised for issue on 12 October 2023. They were signed on behalf of the members by:

Laura Cameron
Managing Partner and Designated Member

Rob Alexander
CFO

DocuSigned by:
Laura Cameron
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DocuSigned by:
Rob Alexander
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Pinsent Masons LLP

Statement of Changes in Members' Interests
As at 30 April 2023

	Loans and other debts due to members		Members' other interests classified as equity £'000	Subtotal £'000	Amounts due from members £'000	Total £'000
	Members' capital classified as a liability £'000	Members' other amounts £'000				
Members' interests at 1 May 2021	59,165	24,046	132,150	215,361	(35,618)	179,743
Profit for the financial year available for discretionary division among members	-	-	143,606	143,606	-	143,606
Members' interests after profit for the year	59,165	24,046	275,756	358,967	(35,618)	323,349
Allocation of profits	-	99,815	(135,430)	(35,615)	35,615	-
Members' capital introduced	6,802	-	-	6,802	-	6,802
Members' capital repaid	(4,510)	-	-	(4,510)	-	(4,510)
Payments made to and on behalf of members	-	(105,714)	-	(105,714)	(19,603)	(125,317)
Foreign exchange movements	-	-	(82)	(82)	-	(82)
At 30 April 2022	61,457	18,147	140,244	219,848	(19,606)	200,242
Profit for the financial year available for discretionary division among members	-	-	164,714	164,714	-	164,714
Members' interests after profit for the year	61,457	18,147	304,958	384,562	(19,606)	364,956
Allocation of profits	-	123,499	(143,105)	(19,606)	19,606	-
Members' capital introduced	3,881	-	-	3,881	-	3,881
Members' capital repaid	(5,337)	-	-	(5,337)	-	(5,337)
Payments made to and on behalf of members	-	(104,295)	-	(104,295)	(39,053)	(143,348)
Foreign exchange movements	-	-	3,041	3,041	-	3,041
At 30 April 2023	60,001	37,351	164,894	262,246	(39,053)	223,193

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The LLP is incorporated in England and Wales under the Limited Liabilities Act 2000. The address of the registered office is 30 Crown Place, London, United Kingdom EC2A 4ES. The nature of the LLP's operations and its principal activities are set out in the Report to the Members.

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

The functional currency of the LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the LLP operates.

The financial statements contain information about Pinsent Masons LLP as an individual LLP, and do not contain consolidated financial information as the parent undertaking of a group. As an LLP included in the European Economic Area ('EEA') financial statements of a larger group, under Section 400 of the Companies Act 2006, the LLP is exempt from the requirement to prepare group financial statement as it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA state.

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate LLP financial statements in relation to share-based payments, financial instruments, related parties, presentation of a cash flow statement and remuneration of key management personnel.

The LLP is consolidated in the financial statements of its parent, Pinsent Masons International LLP, which may be obtained from the address given in note 19.

Going concern

The LLP is the largest trading subsidiary within the Pinsent Masons International LLP Group (the 'Group'). The Group going concern assessment therefore relies significantly on the assessment of the LLP's trading prospects, which form the basis of the below going concern review for the LLP.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the members have considered the business activities as set out in the Members' Report, and the critical accounting judgements and estimates as set out in Note 2.

The LLP has access to a £35m revolving credit facility with its main bankers. As at 31 July 2023 all financial covenant tests on the facility were met with significant headroom. The latest cash flow forecast suggests the LLP will continue to meet future covenant tests comfortably. As a result, the Board believes that the LLP is well placed to manage its financing and other significant risks satisfactorily and that the LLP will be able to operate within the level of its facilities for the foreseeable future. For this reason, the Board considers it appropriate for the LLP to adopt the going concern basis in preparing its financial statements.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

Fee income and revenue recognition

Fee income represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of value added tax or equivalent sales taxes.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with section 23 of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the LLP.

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

Where the substance of a contract is such that a right to consideration does not arise until the occurrence of a critical event, no revenue is recognised.

Cash at bank and in hand

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.

Interest income/expense

Interest income/expense is recognised using the effective interest rate method.

Dividend Income

Dividend income is recognised when the right to receive payment is established.

Government grants

Government grants are recognised once there is reasonable assurance both that the entity will comply with any conditions and that the grant will be received. Specifically for the Coronavirus Job Retention Scheme and other related measures the Group has adopted the accrual model for recognition.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold property improvements	- evenly over the estimated useful life (currently between 5 and 20 years)
Furniture and equipment	- 15%-33% per annum straight-line
Computer installation and software licences	- 33% per annum straight-line
Motor vehicles	- reducing balance

No depreciation is charged on assets under construction.

Intangible assets

Costs associated with the development of the global HR system and internet site were recognised in the financial statements as an intangible asset. The firm expects to derive economic benefits from the development costs capitalised in this manner over a period of five years from the date the systems are brought into productive use and the costs, including any enhancement expenditure, will be amortised on a straight-line basis over this period and amortisation expense is posted to the depreciation and amortisation line within the profit and loss account.

Impairment of tangible and intangible assets

At each balance sheet date, the LLP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication is present, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

Investments

Investments are stated at cost less provision for impairment. At each balance sheet date, the Group reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. Any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for impairment no longer apply.

Taxation

The tax payable on the profits of Limited Liability Partnerships in the UK is usually the personal liability of the members, although payment of such liabilities is administrated by the LLP for UK members.

Foreign currencies

Transactions denominated in currencies other than the reporting currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities not denominated in the reporting currency at the balance sheet date are translated at the rates ruling at that date.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

1. Accounting policies (continued)

Leases

At inception the LLP assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains a finance or operating lease based on the substance of the arrangement. Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The LLP has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 May 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Provisions

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

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

The provision for claims represents the estimated cost to the LLP of defending and settling claims where a liability is considered by the members to be probable.

The value of the provision for former member and employee annuities is based on the best estimate of the current value of future cash flows.

Longer term provisions are shown at the present value of the expected liability. The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account.

Pension costs

The LLP operates a number of Group Personal Pension Plans which are defined contribution schemes. The assets of these are held separately from those of the LLP. The amount charged to the profit and loss account represents the contributions payable to the Personal Pension Plans in respect of the accounting year.

Financial instruments

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

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the LLP transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the LLP, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

Investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

2. Critical accounting judgements and estimates

In the application of the LLP's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the LLP's accounting policies

In the process of applying the LLP's accounting policies, management has concluded that there are no individual judgements which have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Revenue recognition – accrued revenue

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, having regard to the LLP's accounting policy for revenue recognition.

Impairment of debtors

The LLP makes an estimate of the recoverable value of debtors; other debtors and amounts recoverable on contracts. When assessing impairment of trade receivables, other debtors and amounts recoverable on contracts, the members consider factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 12 for the net carrying amount of the LLP's debtors.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

3. Turnover

The LLP's turnover derives from the provision of legal services.

No segmental or geographical analysis has been shown. The Board considers that such a disclosure would be prejudicial to the interests of the business.

4. Operating Profit

Operating profit is stated after charging/ (crediting):

	2023 £'000	2022 £'000
Government grants received towards employment costs	(92)	(67)
Sub-tenant rent receivable	(3,346)	(2704)
Depreciation of tangible fixed assets (note 9)	7,439	7,646
Amortisation of intangible assets (note 8)	1,234	1,194
Loss on disposal of fixed assets	28	1,149
Loss on disposal of intangible fixed assets	83	-
Operating lease rental costs for the year:		
Land and buildings	18,513	19,591
Furniture and equipment	219	82
Loss/(Gain) on foreign exchange	816	(2,152)

Government grant income relates to payments receivable in the period under the Job Support Scheme in Singapore.

Auditor's remuneration for the auditing of the financial statements was £110,000 (2022: £100,000). Non-audit services provided in the period were £83,000 (2022: £50,000).

5. Net finance income

	2023 £'000	2022 £'000
Interest receivable	2,570	760
Interest payable and similar expenses	(121)	(272)
Interest payable to former partners	(323)	(160)
Interest cost on post-retirement annuities	(22)	(11)
	<u>2,104</u>	<u>316</u>

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

6. Staff numbers and costs

In the year ended 30 April 2023, the majority of UK based staff were employed by Pinsent Masons Services Limited, a subsidiary of the LLP. The staff costs that were recharged to the LLP were as follows:

	2023 £'000	2022 £'000
Amounts recharged from group undertakings	167,451	143,938

The average monthly number of employees directly employed by Pinsent Masons LLP was:

	2023 Number	2022 Number
Fee earners	135	133
Support staff:		
Secretarial support	19	22
Business support	62	53
	<u>216</u>	<u>208</u>

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	35,673	32,100
Social security costs	509	1,065
Other pension costs	929	1,089
Other costs	1,452	608
	<u>38,563</u>	<u>34,862</u>

7. Profit before members' remuneration and profit shares

Profits are shared among the members each year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members make their own provision for pensions from their profit shares.

	2023 Number	2022 Number
Equity members	172	176
Fixed share members	223	224
	<u>395</u>	<u>400</u>

At 30 April 2023 there were 396 members (2022: 386 members). The highest remuneration of a member for the year, which is divided after the year end, was £3,089,000 (2022: £1,857,000).

Pinsent Masons LLP

Notes to the Financial Statements
For the year ended 30 April 2023 (continued)

8. Intangible assets

	Software £'000
Cost	
At 1 May 2022	6,560
Additions	490
Impairment	(1,332)
At 30 April 2023	<u>5,718</u>
Accumulated amortisation	
At 1 May 2022	(3,593)
Charge for the year	(1,234)
Disposal	1,249
At 30 April 2023	<u>(3,578)</u>
Net book value	
At 30 April 2023	<u>2,140</u>
At 30 April 2022	<u>2,967</u>

9. Tangible fixed assets

	Leasehold property improvements £'000	Furniture and equipment £'000	Computer installation £'000	Motor vehicles £'000	Total £'000
Cost					
At 30 April 2022	49,711	9,087	13,146	-	71,944
Additions	1,072	410	1,530	-	3,012
Disposals	(463)	(449)	(3,631)	-	(4,543)
Exchange adjustment	150	36	50	-	236
At 30 April 2023	<u>50,470</u>	<u>9,084</u>	<u>11,095</u>	<u>-</u>	<u>70,649</u>
Depreciation					
At 30 April 2022	30,255	5,606	8,956	-	44,817
Charge for the year	3,849	1,075	2,515	-	7,439
Disposals	(462)	(409)	(3,630)	-	(4,501)
Exchange adjustment	69	24	43	-	136
At 30 April 2023	<u>33,711</u>	<u>6,296</u>	<u>7,884</u>	<u>-</u>	<u>47,891</u>
Net book value					
At 30 April 2023	<u>16,759</u>	<u>2,788</u>	<u>3,211</u>	<u>-</u>	<u>22,758</u>
At 30 April 2022	<u>19,452</u>	<u>3,481</u>	<u>4,190</u>	<u>-</u>	<u>27,123</u>

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

10 Restricted cash

Of the cash balance, £4,315,000 (2022: £7,951,000) is restricted due to exchange controls in certain jurisdictions.

11. Debtors

	2023 £'000	2022 £'000
Trade debtors	131,303	114,377
Amounts recoverable on contracts	33,156	30,047
Amounts due from subsidiaries	63,311	57,429
Prepayments and accrued income	16,979	18,782
	<u>244,749</u>	<u>220,635</u>

Amounts due from subsidiaries are unsecured, have no fixed date of repayment and are repayable on demand. All amounts are interest free except for the following balances due from the LLP's subsidiary undertakings which all carry an interest charge of 1.5% per annum:

	2023 £'000	2022 £'000
Pinsent Masons France LLP	-	1,496
Pinsent Masons Partnerschaft Von Rechtsanwälten Mbb	11,811	12,749
Pinsent Masons (Australia) Partnership	8,095	5,267
Pinsent Masons Services Ireland Limited	6,236	5,845
Pinsent Masons South Africa Inc.	19	325
Pinsent Masons Africa LLP	9,371	9,052
Pinsent Masons España SLP	3,445	2,746
	<u>34,977</u>	<u>38,675</u>

12. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	29,203	29,541
Amounts due to subsidiaries	14,037	12,086
Taxation and social security	9,800	9,015
Amounts in lieu of capital owed to non-member partners	825	263
Accruals and deferred income	26,305	23,762
	<u>80,170</u>	<u>74,667</u>

Amounts owed to subsidiaries are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Pinsent Masons LLP

Notes to the Financial Statements
For the year ended 30 April 2023 (continued)

13. Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Operating lease incentive creditor	10,500	11,841
Amounts in lieu of capital owed to non-member partners	6,418	6,843
	<u>16,918</u>	<u>18,684</u>

14. Provisions for liabilities

	1 May 2022 £'000	Charge for the year £'000	Released/ Utilised in year £'000	30 April 2023 £'000
Professional indemnity claims	3,730	1,226	(1,930)	3,026
Property provisions	2,251	(109)	1,048	3,190
Former member and employee annuities	794	-	(100)	694
	<u>6,775</u>	<u>1,117</u>	<u>(982)</u>	<u>6,910</u>

The provision for professional indemnity claims represents the estimated cost to the LLP of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Property provisions represent expected losses from onerous contracts in respect of surplus properties. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from subtenants. It is expected that the majority of this expenditure will be incurred within three years of the balance sheet date. The provision also includes allowances for dilapidation costs.

The provision for former member and employee annuities represents the cost of providing annuities, paid on a monthly basis, to certain former members and former employees. The principal actuarial assumptions used, after the application of mortality rates, in assessing the provision are:

	30 April 2023	30 April 2022
Discount rate	4.90%	2.95%
Pension increases	3.30%	4.5%
Post retirement mortality	S3PA Tables CMI_2021 1% projections	S3PA Tables CMI_2020 1% projections

The discount rate of 4.90% (2022: 2.95%) is based on the yield available on AA corporate bonds.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

15. Financial commitments

(i) At the year-end contracts placed for future capital expenditure not provided for in the financial statements totalled £nil (2022: £1,572,000). All of these financial commitments relate to fixed assets and intangible assets.

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

	Land and buildings	
	2023 £'000	2022 £'000
- Within one year	20,976	21,346
- Between one and five years	67,548	71,217
- After five years	47,336	63,295
	<u>135,860</u>	<u>155,858</u>

16. Contingent liabilities

In the normal course of business, the LLP may receive claims for alleged negligence. The LLP maintains an appropriate level of professional indemnity insurance cover which is reviewed annually. 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 liability that has not previously been provided.

17. Related party transactions

Pinsent Masons LLP has relied upon the exemption given in FRS 102 (33.1.A) not to disclose transactions between itself and its subsidiary undertakings.

18. Controlling party

The ultimate and immediate parent undertaking and ultimate controlling party is Pinsent Masons International LLP, a limited liability partnership registered in England and Wales, with a registered number OC412076.

The consolidated financial statements of Pinsent Masons International LLP, the only group in which the entity is consolidated, are available to the public and may be obtained from its address at 30 Crown Place, London, EC2A 4ES.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

Appendix – Listing of subsidiary undertakings

The subsidiary undertakings held by the LLP at 30 April 2023 are as follows:

Subsidiary partnerships

	Country of incorporation or business address	Registered address	Principal activity
Pinsent Masons Germany LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Legal services
Pinsent Masons France LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Legal services
Pinsent Masons EMEA LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Dormant
Pinsent Masons Pacific LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Dormant
Pinsent Masons Netherlands LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Legal services
Pinsent Masons (Australia) Partnership	Australia	Level 32, Tower Two International Towers, Sydney NSW 2000	Legal services
Pinsent Masons Belfast LLP	Northern Ireland	The Soloist, 1 Lanyon Place, Belfast, County Antrim, BT1 3LP	Legal services
McGrigors LLP	Scotland	Princes Exchange, 1 Earl Grey Street, Edinburgh, Midlothian, EH3 9AQ	Dormant
Pinsent Masons Ireland	Ireland	1 Windmill Lane, Dublin 2	Legal services
Pinsent Masons Hong Kong	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai,	Legal services
Pinsent Masons MPillay LLP	Singapore	16 Collyer Quay, #22-00, Singapore, 049318	Legal services
Pinsent Masons Africa LLP	South Africa	30 Crown Place, London, EC2A 4ES	Legal services
Pinsent Masons Partnerschaft Von Rechtsanwälten, Mbb	Germany	Ottostrasse 21, 80333 München, Germany	Legal services
Pinsent Masons Luxembourg	Luxembourg	69 Boulevard de la Petrusse, L-2320 Luxembourg	Legal services
Pinsent Masons Luxembourg LLP	England & Wales	30 Crown Place, London, EC2A 4ES	Dormant

The above subsidiaries are wholly owned by Pinsent Masons LLP, members of the LLP, or those of equivalent status.

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2023 (continued)

Subsidiary companies

	Country of incorporation or business address	Registered address	Principal activity	Holding	% Interest
Pinsent Masons Services Ltd	England & Wales	30 Crown Place, London, EC2A 4ES	Management services	100 Ordinary Shares	100
Trustee Solutions Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Pension trustee	4 Ordinary Shares	100
Aylesbury Street Services Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	100 Ordinary Share	100
Hedgehog (1) Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Management Services	1 Ordinary Share	100
Masons Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	2 Ordinary Shares	100
McGrigors Ltd	England & Wales	30 Crown Place, London, EC2A 4ES	Dormant	2 Ordinary Shares	100
Pinsent Masons Secretarial Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	3 Ordinary Shares	100
Pinsent Masons Director Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	3 Ordinary Shares	100
Pinsents.com Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	1 Ordinary Share	100
Pinsentmasons.com Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	1 Ordinary Share	100
Pinsents Ltd	England & Wales	1 Park Row, Leeds, LS1 5AB	Dormant	1 Ordinary Share	100
Brook Graham Ltd	England & Wales	30 Crown Place, London, EC2A 4ES	Consultancy	100 A Ordinary shares 100 B Ordinary shares 100 C Ordinary shares 100 D Ordinary shares	100
Pinsent Masons Australia Services Pty Ltd	Australia	Level 32, Tower Two International Towers, Sydney NSW 2000	Management services	10 Ordinary Shares	100
Brook Graham Australia Pty Limited	Australia	Level 32, Tower Two International Towers, Sydney NSW 2000	Consultancy	1 Ordinary Share	1
McGrigors Pension Trustees Ltd	Scotland	141 Bothwell Street, Glasgow, G2 7EQ	Pension trustee	2 Ordinary Shares	100
MD Directors Ltd	Scotland	13 Queen's Road, Aberdeen, AB15 4YL	Dormant	2 Ordinary Shares	100
MD Secretaries Ltd	Scotland	13 Queen's Road, Aberdeen, AB15 4YL	Dormant	2 Ordinary Shares	100
Pinsent Masons Secretaries (Edinburgh) Ltd	Scotland	13 Queen's Road, Aberdeen, AB15 4YL	Dormant	2 Ordinary Shares	100
Pinsent Masons Services Ireland Ltd	Ireland	1 Windmill Lane, Dublin 2	Management services	1 Ordinary share	100

Pinsent Masons LLP

Notes to the Financial Statements
For the year ended 30 April 2023 (continued)

Subsidiary companies (continued)

	Country of incorporation or business address	Registered address	Principal activity	Holding	% Interest
Pinsent Masons Corporate Services Ireland Limited	Ireland	1 Windmill Lane, Dublin 2	Nominee Services	1 Ordinary share	100
Pinsent Masons Nominees 1 Ireland Limited	Ireland	1 Windmill Lane, Dublin 2	Nominee Services	1 Ordinary share	100
Pinsent Masons Nominees 2 Ireland Limited	Ireland	1 Windmill Lane, Dublin 2	Nominee Services	1 Ordinary share	100
Pinsent Masons Management Ltd	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Management services	2 Ordinary Shares	100
Grace Sun Ltd	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Management services	1 Share	100
Grace Step Ltd	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Management services	1 Share	100
Caxton Secretaries Ltd	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Management services	2 Shares	100
Chinawood Ltd	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Dormant	2 Shares	100
Vario from Pinsent Masons (HK) Limited	Hong Kong	50th floor, Central Plaza, 18 Harbour Road, Wan Chai	Recruitment Services	1 Ordinary Share	100
Pinsent Masons Belfast Nominees Ltd	Northern Ireland	The Soloist Building, 1 Lanyon Place, Belfast, Antrim, BT1 3LP	Dormant	2 Ordinary Share	100
Pinsent Masons Belfast Secretarial Ltd	Northern Ireland	The Soloist Building, 1 Lanyon Place, Belfast, Antrim, BT1 3LP	Dormant	2 Ordinary Share	100
Pinsent Masons España, SLP	Spain	Calle Pinar, 5, 28006 Madrid, Spain	Legal services	3,010 Shares	100
Pinsent Masons Africa Inc.	South Africa	61 Katherine Street, Sandton, 2196, Johannesburg	Legal services	7 Ordinary Shares	100
Starfish Foundation 2020 (RF)(PTY) Ltd	South Africa	61 Katherine Street, Sandton, 2196, Johannesburg	Charitable foundation	1,000 Ordinary Shares	100

Pinsent Masons LLP

Notes to the Financial Statements
For the year ended 30 April 2023 (continued)

Subsidiary companies (continued)

	Country of incorporation or business address	Registered address	Principal activity	Holding	% Interest
Pinsent Masons Germany Holding GmbH	Germany	Ottostrasse 21, c/o Pinsent Masons Germany LLP, 80333 München, Germany	Holding company	25,000 Ordinary Shares	100
Vario Legal GmbH <i>(previously Xenion Legal GmbH)</i>	Germany	Neue Rothofstraße 13-19, c/o WeWork Goetheplatz, 60313 Frankfurt am Main, Germany	Recruitment Services	6 Ordinary Shares	100
Pinsent Masons Professional Services GmbH <i>(previously Xenia GmbH)</i>	Germany	Ottostrasse 21, 80333 München, Germany	Dormant	4 Ordinary Shares	100