

Registered Number OC306185

Forsters LLP

Members' Report and Financial Statements  
for the year ended 31 March 2015

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# **Forsters LLP**

## **Members' Report and Financial Statements for the year ended 31 March 2015**

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# **Forsters LLP**

## **Members' report for the year ended March 2015**

The Members of Forsters LLP present their report together with the audited consolidated financial statements of Forsters LLP and its subsidiary undertakings ("the Group") for the year ended 31 March 2015.

### **Principal activities**

The Group's principal activity is the provision of legal services.

### **Group structure**

The consolidated financial statements comprise the financial statements of Forsters LLP and its subsidiary undertaking. The principal subsidiary undertaking of Forsters LLP as at 31 March 2015 is Forsters Service Company Limited.

### **Designated members**

The designated members (as defined in the Limited Liability Partnerships Act 2000) of Forsters LLP during the year were M G Jordan, P A Roberts, S Edwards, A H Lane, A R Crabbie and C Thompson. M G Jordan ceased to be a designated member on 1 September 2014.

### **Financing and the subscription and repayment of members' capital**

The LLP is financed through a combination of members' capital, undistributed profits and borrowing facilities provided by a number of banks.

The total amount of members' capital contributions is agreed by the members, having regard to the requirements of the Group. Individual members' capital contributions are set by reference to equity profit share proportion and are repayable, at par, following the member's retirement. Bank facilities are maintained at levels sufficient to meet the expected peak cash requirements of the Group. The members are satisfied that the facilities will be renewed at levels which will maintain prudent headroom over the Group's forecast peak borrowing requirements over the next twelve months.

### **Members' profit shares**

Members are remunerated solely out of the profits of the LLP and are personally responsible for funding pensions and other benefits. Profit sharing ratios are determined by the senior equity members.

### **Profit allocation and members' drawings**

Profits are automatically allocated each year as profit is generated. As is permitted by the Limited Liability Partnership Regulations and the Forsters LLP Members' Agreement, allocated profits may not necessarily represent all the profits arising in a particular financial year, if the members consider it appropriate to retain profits or to allocate profits previously retained. Unallocated amounts are shown in "Members' other interests".

During the year members receive monthly drawings, and, from time to time, additional profit distributions. The level and timing of the additional distributions is decided by the senior equity members, taking into account the Group's cash requirements for operating and investing activities. The monthly drawings represent payments on account of current year profits. Any over-distribution of profits during the year is also recoverable from members.

# Forsters LLP

## Members' report for the year ended March 2015 (continued)

### Members' responsibilities statement

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and LLP financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships 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 Group and the LLP and of the profit or loss of the Group and the LLP for that period.

In preparing these financial statements the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the Group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Disclosure of information for auditors

So far as each member is aware, there is no relevant audit information of which the LLP's auditors are unaware. Relevant information is defined as information needed by the LLP's auditors in connection with preparing their report. Each member has taken all the steps (such as making enquiries of other members and the auditors and any other steps required by their duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

### Independent auditors

During the year, the members re-appointed PricewaterhouseCoopers LLP as auditors.

Approved by the members of Forsters LLP and signed on their behalf



P A Roberts

Designated Member

25 November 2015

# **Forsters LLP**

## **Independent auditors' report to the members of Forsters LLP for the year ended March 2015**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Forsters LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's ("LLP's") affairs as at 31 March 2015 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Group and limited liability partnership (LLP) balance sheet as at 31 March 2015;
- the Consolidated profit and loss account for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- Total members' interests for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 as applicable to LLPs we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 LLP financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the members**

As explained more fully in the Members' responsibilities statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Forsters LLP

### Independent auditors' report to the members of Forsters LLP for the year ended March 2015 (continued)

#### What an audit of financial statements involves

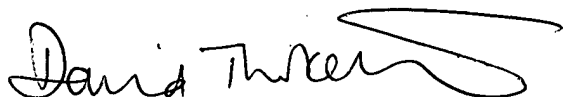
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the LLP's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the designated members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**David Therkettle (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield

26 November 2015

# Forsters LLP

## Consolidated profit & loss account for the year ended 31 March 2015

	Note	Group 2015 £	Group 2014 £
Turnover	1	41,400,427	35,988,077
Operating costs	2	(25,610,050)	(21,445,028)
<b>Operating profit</b>		<b>15,790,377</b>	<b>14,543,049</b>
Interest payable and similar charges	5	(59,271)	(34,691)
<b>Profit on ordinary activities before taxation</b>	4	<b>15,731,106</b>	<b>14,508,358</b>
Tax on profit on ordinary activities	7	(21,305)	(6,687)
<b>Profit for the financial year before members' remuneration</b>	15	<b>15,709,801</b>	<b>14,501,671</b>
Members' remuneration charged as an expense	15	(15,181,801)	(13,988,671)
<b>Profit for the financial year available for discretionary division among members</b>	15	<b>528,000</b>	<b>513,000</b>

All figures above relate to the principal activities of the Group.

All items dealt with in arriving at operating profit above relate to continuing operations.

The Group has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between profit for the financial year and its historical cost equivalent.

## Forsters LLP

### Group and limited liability partnership (LLP) balance sheets as at 31 March 2015

		Group	LLP	Restated Group	Restated LLP
		2015	2015	2014	2014
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	8	2,802,538	183,324	1,288,612	313,394
		2,802,538	183,324	1,288,612	313,394
<b>Current assets</b>					
Amounts recoverable on contracts		5,162,555	5,162,555	3,738,108	3,738,108
Debtors	10	15,823,258	13,962,017	15,639,942	13,740,205
Cash at bank and in hand		204,928	47,549	81,882	56,266
		21,190,741	19,172,121	19,459,932	17,534,579
Creditors: amounts falling due within one year	11	(10,217,301)	(6,738,290)	(9,067,960)	(6,580,989)
<b>Net current assets</b>		<b>10,973,440</b>	<b>12,433,831</b>	<b>10,391,972</b>	<b>10,953,590</b>
<b>Total assets less current liabilities</b>		<b>13,775,978</b>	<b>12,617,155</b>	<b>11,680,584</b>	<b>11,266,984</b>
Provision for liabilities and charges	12	(37,060)	-	(15,755)	-
<b>Net assets attributable to members</b>		<b>13,738,918</b>	<b>12,617,155</b>	<b>11,664,829</b>	<b>11,266,984</b>
<b>Represented by:</b>					
<b>Loans and other debts due to members</b>					
Other amounts	15	13,210,918	12,089,155	11,151,829	10,753,984
Members' other interests: other reserves classified as equity under FRS 25	15	528,000	528,000	513,000	513,000
	15	13,738,918	12,617,155	11,664,829	11,266,984



## Forsters LLP

### Total members' interests at 31 March 2015

		Group	LLP	Restated Group	Restated LLP
		2015	2015	2014	2014
		£	£	£	£
	Note				
Loans and other debts due to members	15	13,210,918	12,089,155	11,151,829	10,753,984
Members' other interests: other reserves classified as equity under FRS 25	15	528,000	528,000	513,000	513,000
<b>Total members' interests</b>	<b>15</b>	<b>13,738,918</b>	<b>12,617,155</b>	<b>11,664,829</b>	<b>11,266,984</b>

These financial statements of Forsters LLP (registered number OC306185) on pages 7 to 23 were approved by the members and signed on their behalf on **25** November 2015 by:

  
 P A Roberts  
 Designated Member

## Forsters LLP

### Consolidated cash flow statement for the year ended 31 March 2015

	Note	Group 2015 £	Group 2014 £
Net cash inflow from operating activities	16	16,361,319	12,444,875
Returns on investments and servicing of finance	17	(59,271)	(34,691)
Capital expenditure and financial investment	17	(2,516,915)	(1,183,874)
Transactions with members and former members	17	(13,345,673)	(12,600,810)
Net cash inflow/(outflow) before financing		439,460	(1,374,500)
Increase/(decrease) in cash in the year		439,460	(1,374,500)

### Reconciliation of movements in net cash to movement in net debt

	Note	Group 2015 £	Group 2014 £
Increase/(decrease) in net cash		439,460	(1,374,500)
Change in net debt resulting from cash flows		439,460	(1,374,500)
Opening net debt		(3,929,033)	(2,554,533)
Net debt at 31 March	18	(3,489,573)	(3,929,033)

# Forsters LLP

## Statement of accounting policies

The principal accounting policies adopted in the presentation of these financial statements are summarised below. These policies have all been applied consistently throughout the current and preceding year.

Certain amounts in respect of members' interests in the comparative period have been restated to classify certain items within 'Other Reserves' to 'Other Amounts' within Loans and other debts due to/from members to more accurately reflect the nature of these balances. There is no impact on profit for the period or net assets arising from this change.

### Basis of accounting

These financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 as applied to Limited Liability Partnerships and in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

### Consolidation

The financial statements consolidate the results and financial position of Forsters LLP and all its subsidiary undertakings ("the Group"). Businesses acquired or disposed of during the year are accounted for using acquisition accounting principles from or up to the date control passed.

As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented for the LLP. The LLP's profit for the financial year before members' remuneration amounted to £14,587,281 (2014: £14,109,758).

### Turnover

Turnover represents amounts chargeable to clients for professional services provided during the year excluding sales tax and third-party invoiced disbursements. Revenue is recognised on an individual engagement basis when the right to consideration has been obtained from the client in exchange for work performed and where the recoverability of the consideration can be assessed with reasonable certainty. Turnover in respect of contingent fee assignments (over and above any agreed minimum fee) is only recognised when the contingent event occurs and collectability of the fee is assured.

Unbilled turnover on individual client assignments is included in amounts recoverable on contracts within debtors.

### Trade debtors

*Provision is made for unpaid bills and unbilled disbursements not considered recoverable at the balance sheet date.*

### Amounts recoverable on contracts

Services provided to clients which had not been billed at the balance sheet date are recognised as turnover. Turnover is recognised based on an assessment of the fair value of the services provided at 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 payment is contingent on factors outside the firm's control. Unbilled revenue is included in amounts recoverable on contracts.

Costs in respect of contingent fee engagements are written off to the profit and loss account as incurred until the contingent event occurs and recovery of the fee is assured. However, where there is a minimum fee, work in progress is recognised at the lower of cost and the minimum fee.

### Leases

#### *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### *Lease incentives*

Benefits received as an incentive to sign a lease are spread on a straight-line basis over the lease term.

Lease incentives received on assignment of existing leases to third parties are taken to the profit and loss account in the year in which they are received.

## Statement of accounting policies (continued)

## Taxation

Income tax payable on the profits of the LLP is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. Current tax only arises in the subsidiary undertaking and is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantiated by the balance sheet date.

## Deferred taxation

Deferred tax only arises in the subsidiary undertaking and is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantiated by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## Tangible fixed assets

Tangible fixed assets are stated at cost, including incidental costs of acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the following estimated economic lives:

Leasehold property improvements	5 years or shorter leasehold term
Fittings, furnishings & equipment	6 years
Computer equipment & software	3 years

Repairs and maintenance costs are charged to the profit and loss account as incurred.

## Fixed asset investments

Fixed asset investments are included at cost less any provision required for permanent diminution in value.

## Provisions

## Professional indemnity claims

The Group may be involved in disputes in the ordinary course of business, which may give rise to claims. The Group carries professional indemnity insurance and the cost of premiums is charged to the profit and loss account over the period of such insurance. Provision is made in the financial statements on a prudent basis for all known claims where costs are likely to be incurred, and represents an assessment of the cost of defending and concluding claims. Where claims are covered by professional indemnity insurance, an equivalent insurance recoverable is recognised within debtors and no separate disclosure is made of the cost and nature of claims covered by insurance, as to do so could seriously prejudice the position of the Group. No amounts are provided in respect of claims where the liability is possible but not considered likely, or in respect of potential claims.

## Pension costs and other post-retirement benefits

The Group accounts for pension costs in accordance with FRS 17 'Retirement Benefits'. Staff pension costs relating to the Group's defined contribution schemes are charged to the profit and loss account as incurred.

## Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

# Forsters LLP

## Statement of accounting policies (continued)

### Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Profits are divided only after a decision by the LLP, so that the LLP has an unconditional right to refuse payment, and such profits are classed as an appropriation of equity rather than as an expense. They are shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

### Allocation of profits and drawings

Profits are automatically allocated to members in line with the Members' Agreement. To the extent that profit allocations exceed drawings then the excess profit is included in the balance sheet under "Loans and other debts due to members". Where drawings exceed the allocated profits then the excess is included in "Debtors". The same treatment is used for members who retire during the year. Unallocated profits, together with any other differences between allocated and accounting profits, are included in other reserves within "Members' other interests".

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015

### 1. Turnover

Turnover and operating profit relate wholly to the provision of legal services within the United Kingdom.

### 2. Operating costs

	Group 2015	Group 2014
	£	£
Staff costs (note 3)	16,112,281	13,190,472
Other external charges	8,494,780	7,630,911
Depreciation and other amounts written off tangible and intangible fixed assets (note 8)	1,002,989	623,645
	<b>25,610,050</b>	<b>21,445,028</b>

### 3. Staff costs

	Group 2015	Group 2014
	£	£
Wages and salaries	13,900,789	11,292,522
Social security costs	1,446,215	1,231,668
Other pension costs (note 19)	765,277	666,282
	<b>16,112,281</b>	<b>13,190,472</b>

The average monthly number of full time equivalent employees and self-employed practitioners (excluding members) in the LLP and subsidiary undertaking during the year was:

	2015	2014
	Number	Number
Fee earners	126	115
Support staff	127	118
	<b>253</b>	<b>233</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 4. Profit on ordinary activities before taxation

	Group 2015 £	Group 2014 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 8):		
- owned assets	1,002,989	623,645
Operating lease rentals		
- for land and buildings	1,628,701	1,265,000
Taxation services	50,000	50,000
Fees payable to the auditors for the audit of the LLP's annual financial statements	26,000	24,000
Fees payable to the auditors and its associates for other services:		
- the audit of the LLP's subsidiaries, pursuant to legislation	5,000	4,800
- other services pursuant to legislation	16,000	15,000
- Tax Services	6,000	3,000

### 5. Interest payable and similar charges

	Group 2015 £	Group 2014 £
Interest payable and similar charges:		
- on bank loans and overdrafts	58,988	34,691
- other interest	283	-
	<b>59,271</b>	<b>34,691</b>

### 6. Members

The average monthly number of members during the year was:

	2015 Number	2014 Number
Senior equity members	21	21
Equity members	23	21
	<b>44</b>	<b>42</b>

The profits are automatically allocated to members in accordance with the agreed profit sharing arrangements. The average member's remuneration during the year was £356,700 (2014: £345,633). The profit attributable to the member with the largest entitlement to profit is £608,598 (2014: £624,374).

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 7. Tax on profit on ordinary activities

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP within the Group, as the relevant income tax is the responsibility of the individual members.

The tax charge, which arises in the corporate entities, included within these financial statements is:

	2015 £	2014 £
<b>Current tax</b>		
United Kingdom corporation tax on profits for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 12)	22,318	9,034
Adjustment in respect of previous years	-	16
Effect of changes in tax rates	(1,013)	(2,363)
<b>Total deferred tax</b>	<b>21,305</b>	<b>6,687</b>
<b>Taxation on profit on ordinary activities</b>	<b>21,305</b>	<b>6,687</b>

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21%. The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities of corporate entity before taxation	1,143,823	398,600
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	240,203	91,678
Expenses not deductible for tax purposes	71,577	47,121
Income not taxable for tax purposes	-	(20,700)
Capital allowances for year in excess of depreciation	(24,426)	(21,737)
Movements in short term timing differences	2,685	12,703
Adjustments to tax charge in respect of prior years	-	55,699
Transfer pricing adjustment	-	114,449
Compensating payment due from connected entity	(290,039)	(279,213)
<b>Current tax charge for the year</b>	-	-

### Factors affecting current and future tax charges

Changes to the main rate of corporation tax were announced in the Finance Act 2013, enacted in July 2013, which saw the main rate of corporation tax reduce to 21% from 1 April 2014 and to 20% from 1 April 2015. The disclosures above include the effect of these changes.



# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 8. Tangible fixed assets

Group	Leasehold property improvements £	Fittings, furnishings & equipment £	Computer equipment & software £	Total £
<b>Cost</b>				
At 1 April 2014	3,413,364	951,527	3,741,146	8,106,037
Additions	2,013,363	264,651	238,901	2,516,915
<b>At 31 March 2015</b>	<b>5,426,727</b>	<b>1,216,178</b>	<b>3,980,047</b>	<b>10,622,952</b>
<b>Accumulated depreciation</b>				
At 1 April 2014	2,639,963	761,891	3,415,571	6,817,425
Charge for the year	636,354	98,788	267,847	1,002,989
<b>At 31 March 2015</b>	<b>3,276,317</b>	<b>860,679</b>	<b>3,683,418</b>	<b>7,820,414</b>
<b>Net book value</b>				
<b>At 31 March 2015</b>	<b>2,150,410</b>	<b>355,499</b>	<b>296,629</b>	<b>2,802,538</b>
At 31 March 2014	773,401	189,636	325,575	1,288,612

LLP	Leasehold property improvements £	Fittings, furnishings and equipment £	Computer equipment and software £	Total £
<b>Cost</b>				
<b>At 1 April 2014 and 31 March 2015</b>	<b>2,760,282</b>	<b>771,460</b>	<b>3,183,717</b>	<b>6,715,459</b>
<b>Accumulated depreciation</b>				
At 1 April 2014	2,509,347	723,591	3,169,127	6,402,065
Charge for the year	103,065	24,668	2,337	130,070
<b>At 31 March 2015</b>	<b>2,612,412</b>	<b>748,259</b>	<b>3,171,464</b>	<b>6,532,135</b>
<b>Net book value</b>				
<b>At 31 March 2015</b>	<b>147,870</b>	<b>23,201</b>	<b>12,253</b>	<b>183,324</b>
At 31 March 2014	250,935	47,869	14,590	313,394

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 9. Investments

The LLP's investment in its wholly owned subsidiary, Forsters Service Company Limited is £1.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

### 10. Debtors

	Group 2015	LLP 2015	Group 2014	LLP 2014
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	13,336,290	13,336,290	13,479,226	13,479,226
Amounts owed by Group undertakings	-	230,244	-	-
Other debtors	439,606	146,004	252,878	-
Prepayments and accrued income	2,047,362	249,479	1,907,838	260,979
	<b>15,823,258</b>	<b>13,962,017</b>	<b>15,639,942</b>	<b>13,740,205</b>

### 11. Creditors – amounts falling due within one year

	Group 2015	LLP 2015	Group 2014	LLP 2014
	£	£	£	£
Bank overdrafts	3,694,501	3,694,501	4,010,915	4,010,915
Trade creditors	1,576,232	502,876	1,723,632	563,515
Amounts owed to Group undertakings	-	-	-	278,922
Corporation tax payable	290,039	-	279,213	-
Other taxation and social security	451,376	-	386,019	-
Other creditors	2,044,894	2,043,740	1,321,483	1,320,214
Accruals and deferred income	2,160,259	497,173	1,346,698	407,423
	<b>10,217,301</b>	<b>6,738,290</b>	<b>9,067,960</b>	<b>6,580,989</b>

The bank overdraft is repayable on demand and is secured by fixed and floating charges over the LLP's assets.

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 12. Provision for liabilities and charges

	Deferred Tax 2015 £	Deferred Tax 2014 £
Opening balance	15,755	9,068
Charge to the profit and loss account	21,305	6,671
Adjustment in respect of prior years	-	16
<b>Closing balance</b>	<b>37,060</b>	<b>15,755</b>

	2015 recognised liability £	2015 potential deferred tax £	2014 recognised liability £	2014 potential deferred tax £
<b>Provision for deferred tax</b>				
Accelerated capital allowances	50,665	49,633	26,802	26,802
Short term timing differences - trading	(13,605)	(13,605)	(11,047)	(11,047)
<b>Closing balance</b>	<b>37,060</b>	<b>36,028</b>	<b>15,755</b>	<b>15,755</b>

### 13. Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Group 2015 £	Group 2014 £
Operating leases which expire:		
<b>Land and buildings</b>		
Between two and five years	450,000	-
Over five years	1,873,405	2,193,405
	<b>2,323,405</b>	<b>2,193,405</b>

Annual commitments in respect of LLP are £320,000 (2014: £320,000).

### 14. Capital commitments

	Group 2015 £	LLP 2015 £	Group 2014 £	LLP 2014 £
Capital expenditure contracted for but not provided	-	-	589,952	-

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 15. Members' interests

Group	Loans and other debts due to/(from) members			Other reserves Restated (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts Restated	Total		
	£	£	£	£	£
Members' interests at 1 April 2014	4,342,000	6,809,829	11,151,829	513,000	11,664,829
Members' remuneration charged as an expense	-	15,181,801	15,181,801	-	15,181,801
Profit for the financial year available for discretionary division among members	-	-	-	528,000	528,000
<b>Members' interests after profit for the year</b>	<b>4,342,000</b>	<b>21,991,630</b>	<b>26,333,630</b>	<b>1,041,000</b>	<b>27,374,630</b>
Allocated profit	-	513,000	513,000	(513,000)	-
Introduced by members	1,261,800	-	1,261,800	-	1,261,800
Compensating payment due to subsidiary undertaking	-	(290,039)	(290,039)	-	(290,039)
Drawings and distributions	-	(14,607,473)	(14,607,473)	-	(14,607,473)
<b>Members' interests at 31 March 2015</b>	<b>5,603,800</b>	<b>7,607,118</b>	<b>13,210,918</b>	<b>528,000</b>	<b>13,738,918</b>

LLP	Loans and other debts due to/(from) members			Other reserves Restated (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts Restated	Total		
	£	£	£	£	£
Members' interests at 1 April 2014	4,342,000	6,411,984	10,753,984	513,000	11,266,984
Members' remuneration charged as an expense	-	14,457,881	14,457,881	-	14,457,881
Profit for the financial year available for discretionary division among members	-	-	-	528,000	528,000
<b>Members' interests after profit for the year</b>	<b>4,342,000</b>	<b>20,869,865</b>	<b>25,211,865</b>	<b>1,041,000</b>	<b>26,252,865</b>
Allocated profit	-	513,000	513,000	(513,000)	-
Introduced by members	1,261,800	-	1,261,800	-	1,261,800
Compensating payment due to subsidiary undertaking	-	(290,039)	(290,039)	-	(290,039)
Drawings and distributions	-	(14,607,471)	(14,607,471)	-	(14,607,471)
<b>Members' interests at 31 March 2015</b>	<b>5,603,800</b>	<b>6,485,355</b>	<b>12,089,155</b>	<b>528,000</b>	<b>12,617,155</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 15. Members' interests (continued)

Group	Loans and other debts due to/(from) members			Other reserves Restated (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts Restated	Total		
	£	£	£	£	£
Members' interests at 1 April 2013	4,222,000	5,293,250	9,515,250	527,932	10,043,182
Members' remuneration charged as an expense	-	13,988,671	13,988,671	-	13,988,671
Profit for the financial year available for discretionary division among members	-	-	-	513,000	513,000
<b>Members' interests after profit for the year</b>	<b>4,222,000</b>	<b>19,281,921</b>	<b>23,503,921</b>	<b>1,040,932</b>	<b>24,544,853</b>
Allocated profit	-	527,932	527,932	(527,932)	-
Introduced by members	120,000	-	120,000	-	120,000
Compensating payment due to subsidiary undertaking	-	(279,214)	(279,214)	-	(279,214)
Drawings and distributions	-	(12,720,810)	(12,720,810)	-	(12,720,810)
<b>Members' interests at 31 March 2014</b>	<b>4,342,000</b>	<b>6,809,829</b>	<b>11,151,829</b>	<b>513,000</b>	<b>11,664,829</b>

LLP	Loans and other debts due to/(from) members			Other reserves Restated (classified as equity)	Total
	Members' capital (classified as liability)	Other amounts Restated	Total		
	£	£	£	£	£
Members' interests at 1 April 2013	4,222,000	5,293,250	9,515,250	522,000	10,037,250
Members' remuneration charged as an expense	-	13,596,758	13,596,758	-	13,596,758
Profit for the financial year available for discretionary division among members	-	-	-	513,000	513,000
<b>Members' interests after profit for the year</b>	<b>4,222,000</b>	<b>18,890,008</b>	<b>23,112,008</b>	<b>1,035,000</b>	<b>24,147,008</b>
Allocated profit	-	522,000	522,000	(522,000)	-
Introduced by members	120,000	-	120,000	-	120,000
Compensating payment due to subsidiary undertaking	-	(279,214)	(279,214)	-	(279,214)
Drawings and distributions	-	(12,720,810)	(12,720,810)	-	(12,720,810)
<b>Members' interests at 31 March 2014</b>	<b>4,342,000</b>	<b>6,411,984</b>	<b>10,753,984</b>	<b>513,000</b>	<b>11,266,984</b>

# Forsters LLP

## Notes to the financial statements for the year ended 31 March 2015 (continued)

### 15. Members' interests (continued)

"Other amounts" included within Loans and other debts due to/ (from) members represent allocated profits not yet paid to members and are due within one year. The basis on which profits are allocated is described in the statement of accounting policies on page 13.

In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors; members' other interests (other reserves) rank after unsecured creditors and no additional protection is afforded to creditors. Members' capital contributions are determined by the Management Board having regard, inter alia, to the working capital needs of the Group. Individual members' capital contributions are set by reference to profit share proportions and are not repayable until the member retires.

### 16. Reconciliation of operating profit to net cash inflow from operating activities

	Group 2015 £	Group 2014 £
Operating profit	15,790,377	14,543,049
Depreciation	1,002,989	623,645
Increase in amounts recoverable on contracts	(1,424,447)	(696,109)
Increase in debtors	(183,316)	(3,751,043)
Increase in creditors	1,175,716	1,725,333
<b>Net cash inflow from operating activities</b>	<b>16,361,319</b>	<b>12,444,875</b>

### 17. Analysis of cash flows

	Group 2015 £	Group 2014 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(59,271)	(34,691)
	<b>(59,271)</b>	<b>(34,691)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(2,516,915)	(1,183,874)
	<b>(2,516,915)</b>	<b>(1,183,874)</b>
<b>Transactions with members and former members</b>		
Drawings and distributions to members	(14,607,473)	(12,720,810)
Capital contributions by members	1,261,800	120,000
	<b>(13,345,673)</b>	<b>(12,600,810)</b>

### 18. Analysis of net debt

	At 1 April 2014 £	Cash flow £	At 31 March 2015 £
<b>Net cash</b>			
Cash at bank and in hand	81,882	123,046	204,928
Bank overdrafts	(4,010,915)	316,414	(3,694,501)
<b>Net debt</b>	<b>(3,929,033)</b>	<b>439,460</b>	<b>(3,489,573)</b>

## **Forsters LLP**

### **Notes to the financial statements for the year ended 31 March 2015 (continued)**

#### **19. Pension costs**

The Group operates a defined contribution pension scheme open to all employees through Forsters Service Company Limited.

The assets of the scheme are held separately from those of the Group.

The annual contributions payable are charged to the profit and loss account. The total pension cost for the Group was £765,277 (2014: £666,282) and there was a balance of £68,019 outstanding at the balance sheet date (2014: £55,230).

#### **20. Contingent liabilities**

In the normal course of business, the Group may receive claims for alleged negligence. Professional indemnity cover is maintained in respect of professional negligence through the commercial market. The Group's policy with regard to claims is described in the statement of accounting policies.

#### **21. Related parties**

There have been no transactions with related parties such as are required to be disclosed under Financial Reporting Standard 8.

#### **22. Ultimate controlling parties**

The ultimate controlling parties are the members of Forsters LLP.