

**Fladgate LLP**

**Report and Financial Statements**

**Year ended  
31 March 2012**

**Registration No. OC334334**

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## **Report to the Members**

The Board is pleased to present its report to the members of Fladgate LLP and the audited financial statements of the group (or "the firm") for the year ended 31 March 2012

### **Firm Structure**

Fladgate LLP is a limited liability partnership registered in England and Wales

A list of members' names is available for inspection at 16 Great Queen Street, London, WC2B 5DG, United Kingdom, which is also Fladgate LLP's principal place of business and registered office. More information about Fladgate LLP is available on our website, [www.fladgate.com](http://www.fladgate.com)

### **Principal Activity and Business Review**

The firm's principal activity is the provision of legal services in the UK. The results for the year and the financial position at the year end were considered satisfactory by the members.

### **Designated Members**

The designated members who served during the year were

A Cohen  
S J Ekins  
G D Gordon  
C D Wander

### **Members' Drawings and Capital Policy**

The members' policy on drawings is dependent upon the working capital requirements of the firm. A conservative level of monthly drawings is set at the start of the year and further distributions are made once the results for the year and allocation of profit have been finalised.

The level of members' capital is determined by the members from time to time. Capital is repaid to members on retirement from the firm.

## **Report to the Members**

### **Year ended 31 March 2011**

#### **Statement of Members' Responsibilities**

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 & 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). 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 judgments 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 firm 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 firm 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 firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed on behalf of the Board



**S J Ekins**

**Designated Member**

30 October 2012

## **Independent Auditor's Report to the Members of Fladgate LLP**

We have audited the financial statements of Fladgate LLP for the year ended 31 March 2012 which comprise the consolidated profit and loss account, the consolidated and LLP balance sheets, the consolidated cash flow statement and the related notes 1 to 19. 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).

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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.

### **Respective responsibilities of members and auditor**

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. 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 parent limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the LLP's affairs as at 31 March 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applicable to limited liability partnerships.

## **Independent Auditors' Report to the Members of Fladgate LLP**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



**Jeremy Black (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
**Chartered Accountants and Statutory Auditor**  
**London, UK**  
**30 October 2012**

**Consolidated Profit and Loss Account**  
**Year ended 31 March 2012**

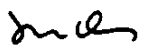
	Note	2012 £	2011 £
<b>Turnover</b>	<b>2</b>	24,824,195	22,888,918
<b>Other operating income</b>		739,350	321,043
		<u>25,563,545</u>	<u>23,209,961</u>
<b>Operating expenses</b>	<b>3</b>	(14,626,876)	(14,482,374)
<b>Operating profit</b>		10,936,669	8,727,587
Loss on disposal of fixed assets		(3,632)	(4,047)
Net interest receivable	<b>5</b>	219,143	147,176
<b>Profit for the financial year before members' remuneration</b>		<u>11,152,180</u>	<u>8,870,716</u>
Members' remuneration charged as an expense		(30,392)	(264,769)
<b>Profit available for discretionary division among members</b>		<u><u>11,121,788</u></u>	<u><u>8,605,947</u></u>

All amounts relate to continuing operations. There were no gains or losses in either period other than those included in the above profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

**Consolidated Balance Sheet**  
**31 March 2012**

		<b>2012</b>	<b>2011</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible fixed assets	<b>8</b>	919,550	937,078
Investments	<b>9</b>	4	4
		<u>919,554</u>	<u>937,082</u>
<b>Current assets</b>			
Debtors	<b>10</b>	12,522,047	10,321,638
Amounts due from members	<b>13(a)</b>	9,295,093	8,461,751
Cash at bank and in hand		463,195	886,920
		<u>22,280,335</u>	<u>19,670,309</u>
<b>Creditors, amounts falling due within one year</b>	<b>11</b>	(2,363,970)	(3,259,983)
<b>Net current assets</b>		<u>19,916,365</u>	<u>16,410,326</u>
<b>Total assets less current liabilities</b>		20,835,919	17,347,408
<b>Provision for liabilities</b>	<b>12</b>	(2,313,803)	(2,153,290)
<b>Net assets</b>		<u><u>18,522,116</u></u>	<u><u>15,194,118</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Members' capital classified as a liability under FRS 25	<b>13(a)</b>	2,761,107	2,684,346
Other amounts	<b>13(a)</b>	4,639,221	3,903,825
		<u>7,400,328</u>	<u>6,588,171</u>
<b>Equity</b>			
Members' other interests – other reserves classified as equity under FRS 25	<b>13(a)</b>	11,121,788	8,605,947
		<u><u>18,522,116</u></u>	<u><u>15,194,118</u></u>
<b>Total Members' interests</b>			
Amounts due from members		(9,295,093)	(8,461,751)
Loans and other debts due to members		7,400,328	6,588,171
Members' other interests		11,121,788	8,605,947
	<b>13(a)</b>	<u><u>9,227,023</u></u>	<u><u>6,732,367</u></u>

These financial statements of Fladgate LLP (Registered number OC334334) on pages 5 to 19 were approved by the members and signed on their behalf on **30** October 2012 by

  
 .....  
**S J Ekins**

**Designated Member**

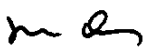
  
 .....  
**G D Gordon**

**Designated Member**

**Limited Liability Partnership Balance Sheet**  
**31 March 2012**

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	8	919,550	937,078
Investments	9	2	2
		<u>919,552</u>	<u>937,080</u>
<b>Current assets</b>			
Debtors	10	12,339,772	10,321,638
Amounts due from members	13(b)	9,292,592	8,463,239
Cash at bank and in hand		322,784	877,933
		<u>21,955,148</u>	<u>19,662,810</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,045,937)</u>	<u>(3,253,151)</u>
<b>Net current assets</b>		<u>19,909,211</u>	<u>16,409,659</u>
<b>Total assets less current liabilities</b>		20,828,763	17,346,739
<b>Provision for liabilities</b>	12	<u>(2,313,803)</u>	<u>(2,153,290)</u>
<b>Net assets</b>		<u><u>18,514,960</u></u>	<u><u>15,193,449</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Members' capital classified as a liability under FRS 25	13(b)	2,761,107	2,684,346
Other amounts	13(b)	4,634,565	3,901,668
		<u>7,395,672</u>	<u>6,586,014</u>
<b>Equity</b>			
Members' other interests – other reserves classified as equity under FRS 25	13(b)	<u>11,119,288</u>	<u>8,607,435</u>
		<u><u>18,514,960</u></u>	<u><u>15,193,449</u></u>
<b>Total Members' interests</b>			
Amounts due from members		(9,292,592)	(8,463,239)
Loans and other debts due to members		7,395,672	6,586,014
Members' other interests		<u>11,119,288</u>	<u>8,607,435</u>
	13(b)	<u><u>9,222,368</u></u>	<u><u>6,730,210</u></u>

These financial statements of Fladgate LLP (Registered number OC334334) on pages 5 to 19 were approved by the members and signed on their behalf on 30 October 2012 by

  
 .....  
**S J Ekins**

**Designated Member**

  
 .....  
**G D Gordon**

**Designated Member**



**Consolidated Cash Flow Statement**  
**Year ended 31 March 2012**

	Note	2012 £	2011 £
<b>Consolidated cash flow statement</b>			
Net cash inflow from operating activities	16	9,419,028	8,726,951
Returns on investments and servicing of finance	17	219,143	147,176
Taxation	17	(80,980)	(90,797)
Capital expenditure and financial investment	17	(162,250)	(675,576)
Transactions with members and former members	17	(7,318,666)	(8,210,579)
Financing	17	<u>(1,250,000)</u>	<u>250,000</u>
<b>Increase in cash in the year</b>		<u><u>826,275</u></u>	<u><u>147,175</u></u>

		2012 £	2011 £
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net debt at beginning of year	18	(363,080)	(510,255)
Increase in cash in the year	18	<u>826,275</u>	<u>147,175</u>
<b>Net funds/(debt) at end of year</b>	18	<u><u>463,195</u></u>	<u><u>(363,080)</u></u>

## **Notes to the Financial Statements**

### **Year ended 31 March 2012**

#### **1. Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period and in the preparation of the comparative figures.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom applicable law and accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the members and their historical cost equivalents.

##### **Basis of preparation**

Fladgate LLP is a limited liability partnership registered in England and Wales.

These financial statements reflect the results for the year ended 31 March 2012. The financial statements consolidate the accounts of Fladgate LLP and all of its subsidiary undertakings (the "firm"), drawn up to 31 March 2012. No individual profit and loss account is prepared for Fladgate LLP, as permitted by Section 408 of the Companies Act 2006.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Fladgate LLP and all of its subsidiary undertakings.

##### **Going concern**

The group has £463,195 of cash at bank at 31 March 2012. Further details of the financial position of the group, its cash flows, liquidity position and borrowing facilities are disclosed in the balance sheets, cash flow statement and notes 17 to 18. In common with other businesses the current economic conditions mean that demand for our services could be impacted in the short term. In addition, liquidity pressure on both our clients and suppliers could also have an adverse impact on the business. However, the group has considerable financial resources together with a diverse range of clients and suppliers across different geographic locations and sectors. The group also has considerable discretion over the timing of any cash distributions to its members.

After making enquiries, the Members have formed a judgement, at the time of approving the accounts, that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Notwithstanding the current economic conditions and potential uncertainty over the level and timing of future revenues, having considered the group's forecasts and projections, and the level of committed facilities available, the Members are satisfied that the firm has adequate resources to continue in operational existence for the foreseeable future. For this reason the Members continue to adopt the going concern basis in preparing the accounts.

## Notes to the Financial Statements

### Year ended 31 March 2012

#### 1. Accounting Policies (continued)

##### Turnover 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.

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 Financial Reporting Standard 5 'Reporting the substance of transactions' Application Note G 'Revenue Recognition' and the Urgent Issues Task Force Abstract 40 'Revenue recognition and service contracts'. 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 firm. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs. Unbilled fee income is included as unbilled revenue within debtors.

##### Fixed assets

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

Leasehold costs & improvements -	over the remaining period of the lease
Furniture and equipment -	between 12.5% and 25% per annum on a reducing balance basis
Computer equipment -	25% per annum on a straight-line basis
Motor vehicles -	25% per annum on a reducing balance basis

##### Investments

Fixed asset investments are stated at cost less provision for impairment.

##### Taxation

The taxation payable on the profits of limited liability partnerships is usually the personal liability of the members for the year. An amount is retained from each member's profit share within Fladgate LLP to cover the member's estimated liability for income tax and social security contributions on their profit share.

**Notes to the Financial Statements**  
**Year ended 31 March 2012**

**1. Accounting Policies (continued)**

**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 sub-tenants.

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 Fladgate LLP of settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

**Staff pensions**

Fladgate LLP operates a defined contribution pension scheme.

The pension scheme is accounted for under UK Financial Reporting Standard 17 'Retirement Benefits' (FRS 17).

The amount charged to the profit and loss account for the defined contribution scheme is the amount payable for the period according to the scheme's rules. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments on the balance sheet.

**Leases**

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

**2. Segmental Analysis**

The Board are of the opinion that the operations of the partnership are substantially similar in that they relate to the provision of legal services. Information in relation to the geographical destination of turnover is not provided on the basis that the Board believe it would be seriously prejudicial to the interests of the partnership.

**3. Analysis of Operating Expenses**

		2012	2011
	Note	£	£
Staff costs	4	6,539,460	6,421,817
Depreciation	8	168,268	176,101
Other operating charges		7,919,148	7,884,456
		<u>14,626,876</u>	<u>14,482,374</u>

**Notes to the Financial Statements**  
**Year ended 31 March 2012**

**3 Analysis of Operating Expenses (continued)**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation		
- Owned assets	168,268	176,101
Operating lease rentals		
- Land and buildings	2,616,935	2,951,675
Auditor's remuneration		
- Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	34,700	34,700
- Fees payable to the LLP's auditor for the audit of the LLP's subsidiary	1,500	1,500
- Audit related assurance services	26,000	26,000
- Taxation advisory services	<u>40,029</u>	<u>31,662</u>

**4. Staff and Staff Costs**

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
The average number of people employed during the year (excluding members) was		
Fee-earners	46	44
Support staff	76	78
	<u>122</u>	<u>122</u>
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Staff costs incurred during the year in respect of employees were		
Salaries (including staff bonus)	5,693,060	5,755,215
Social Security costs	663,181	666,602
Other pension costs	183,219	-
Other costs	-	-
	<u>6,539,460</u>	<u>6,421,817</u>
Total staff costs	<u>6,539,460</u>	<u>6,421,817</u>

The cost of contributions in respect of employees' personal pension schemes included in the profit and loss account for the year was £183,219 (2011 - £Nil) No contributions were outstanding at either year end

**Notes to the Financial Statements**  
Year ended 31 March 2012

**5. Net Interest Receivable**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank and other interest receivable	<u>219,143</u>	<u>147,176</u>

**6. Members' Share of Profits**

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements have been approved by the members

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Average number of members	<u>48</u>	<u>43</u>

The highest remuneration of a member for the year was £569,357 (2011 - £517,000)

**7. Profit Attributable to the Limited Liability Partnership**

The profit for the financial year attributable to the parent undertaking, Fladgate LLP, was £11,119,288 (2011 - £8,607,435)

**8. Tangible Fixed Assets – Consolidated and Limited Liability Partnership**

	<b>Leasehold costs &amp; improvements</b>	<b>Furniture and equipment</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>COST</u></b>					
At 1 April 2011	615,057	1,038,120	844,534	454,240	2,951,951
Additions	-	30,161	69,734	79,703	179,598
Disposals	(143,522)	(121,924)	-	(90,953)	(356,399)
At 31 March 2012	<u>471,535</u>	<u>946,357</u>	<u>914,268</u>	<u>442,990</u>	<u>2,775,150</u>
<b><u>DEPRECIATION</u></b>					
At 1 April 2011	159,238	776,535	759,723	319,377	2,014,873
Charge for the year	23,577	45,682	51,862	47,147	168,268
Disposals	(143,520)	(118,538)	-	(65,483)	(327,541)
At 31 March 2012	<u>39,295</u>	<u>703,679</u>	<u>811,585</u>	<u>301,041</u>	<u>1,855,600</u>
<b><u>NET BOOK VALUE</u></b>					
At 31 March 2011	<u>455,819</u>	<u>261,585</u>	<u>84,811</u>	<u>134,863</u>	<u>937,078</u>
At 31 March 2012	<u>432,240</u>	<u>242,678</u>	<u>102,683</u>	<u>141,949</u>	<u>919,550</u>

**Notes to the Financial Statements**  
Year ended 31 March 2012

**8. Tangible Fixed Assets – Consolidated and Limited Liability Partnership**

The loss arising from the disposal of assets is shown in note 16. The leasehold improvements disposed of have been transferred to debtors.

**9. Investments**

Fladgate LLP has an investment in the following principal entities

Entity	Country of registration	Activity	Proportion of voting rights and ordinary shares held
Walgate Services Ltd *	England and Wales	Service company	100%
Walgate Trustees Ltd	England and Wales	Dormant	100%
Fladgate Ltd	England and Wales	Dormant	100%
Fladgates Ltd	England and Wales	Dormant	100%

\* Held directly by Fladgate LLP

	<u>Consolidated</u>	<u>Limited Liability Partnership</u>
	Total	Total
	£	£
Cost and net book value		
At 1 April 2011 and 31 March 2012	4	2

**10. Debtors**

	<u>Consolidated</u>		<u>Limited Liability Partnership</u>	
	2012	2011	2012	2011
	£	£	£	£
Client debtors	7,688,309	5,722,806	7,688,309	5,722,806
Social security and other taxes	-	-	-	-
Unbilled revenue	2,142,367	2,251,639	2,142,367	2,251,639
Other debtors	71,112	68,270	-	68,270
Prepayments and accrued income	2,620,259	2,278,923	2,509,096	2,278,923
	<u>12,522,047</u>	<u>10,321,638</u>	<u>12,339,772</u>	<u>10,321,638</u>

**Notes to the Financial Statements**  
**Year ended 31 March 2012**

**11. Creditors: Amounts Falling Due Within One Year**

	<b>Consolidated</b>		<b>Limited Liability Partnership</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loan	-	1,250,000	-	1,250,000
Trade creditors	809,746	568,386	786,767	567,782
Amounts due to group undertakings	-	-	539,019	652,815
Corporation tax	113,249	80,980	-	-
Social security and other taxes	737,820	801,099	188,992	236,038
Other creditors	30,732	14,259	-	14,259
Accruals and deferred income	672,423	545,259	531,159	532,257
	<u>2,363,970</u>	<u>3,259,983</u>	<u>2,045,937</u>	<u>3,253,151</u>

The bank loan was part of a Revolving Credit Facility to fund the office relocation. The loan was repayable on 30 June 2012. Interest was charged on the loan at 3.374% per annum. The facility was secured against the Partners' fixed capital.

**12. Provision for Liabilities**

<b>Consolidated and Limited Liability Partnership</b>	<b>Provision for onerous lease</b>	<b>Provision for dilapidations</b>	<b>Provision for claims</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2011	968,290	250,000	935,000	2,153,290
Charge for the period	-	-	695,750	695,750
Provision utilised	(130,237)	-	(405,000)	(535,237)
At 31 March 2012	<u>838,053</u>	<u>250,000</u>	<u>1,225,750</u>	<u>2,313,803</u>

A description of each provision is given in the provisions paragraph in the accounting policies note 1.



**Notes to the Financial Statements**  
Year ended 31 March 2012

**13a. Reconciliation of Members' Interests**

<b>Consolidated</b>	<b>Members' capital classified as a liability under FRS 25</b>	<b>Loans and other debts due to / (due from) members</b>	<b>Members' other interests</b>	<b>Total members' interests</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to members	3,903,825			
Amounts due from members	(8,461,751)			
Members' interests at 1 April 2011	2,684,346	(4,557,926)	8,605,947	6,732,367
For discretionary division among members'	-	-	11,121,788	11,121,788
Members' interests after profit for the year	2,684,346	(4,557,926)	19,727,735	17,854,155
Allocation of prior year profit	-	8,605,947	(8,605,947)	-
Capital introduced	261,988	-	-	261,988
Repayments of capital	(185,227)	-	-	(185,227)
Amounts paid to and on behalf of members'	-	(8,703,893)	-	(8,703,893)
Amounts due to members	4,639,221			
Amounts due from members	(9,295,093)			
Members' interests at 31 March 2012	2,761,107	(4,655,872)	11,121,788	9,227,023

Members are required under the terms of the Members' Agreement to provide capital in proportion to the profit sharing percentage points allocated to them. The amount per percentage point is assessed biennially, with any changes usually being effective on 1 April. Capital is repaid to members upon cessation of membership of the limited liability partnership and so is presented above in amounts due to members.

The members vote to approve the division of profit accrued after the balance sheet date. As a result, the balance of profit available for division among the members as at 31 March 2012 is included in members' other interests. Drawings by members on account of profits for the year have been included within amounts due from members. In the event of a winding up, loans and other debts due to members rank equally with unsecured creditors, members' other interests rank after unsecured creditors.

**Notes to the Financial Statements**  
Year ended 31 March 2012

**13b. Reconciliation of Members' Interests**

Limited Liability Partnership	Members' capital classified as a liability under FRS 25	Loans and other debts due to / (due from) members	Members' other interests	Total members' interests
	£	£	£	£
Amounts due to members		3,901,668		
Amounts due from members		(8,463,239)		
Members' interests at 1 April 2011	2,684,346	(4,561,571)	8,607,435	6,730,210
For discretionary division among members'	-	-	11,119,288	11,119,288
Members' interests after profit for the year	2,684,346	(4,561,571)	19,726,723	17,849,498
Allocation of prior year profit	-	8,607,435	(8,607,435)	-
Capital introduced	261,988	-	-	261,988
Repayments of capital	(185,227)	-	-	(185,227)
Amounts paid to and on behalf of members'	-	(8,703,891)	-	(8,703,891)
Amounts due to members		4,634,565		
Amounts due from members		(9,292,592)		
Members' interests at 31 March 2012	2,761,107	(4,658,027)	11,119,288	9,222,368

**14. Capital Commitments**

At the year-end the firm did not have any material capital commitments that were either contracted for but not provided in the financial statements or authorised but not contracted for

**15. Operating Lease Commitments**

	2012 £	2011 £
Operating lease payments due within next twelve months in respect of land and buildings		
- Terminating after five years	2,616,935	2,616,935
	<u>2,616,935</u>	<u>2,616,935</u>

**Notes to the Financial Statements**  
Year ended 31 March 2012

**16. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities**

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Operating profit	10,936,669	8,727,587
Depreciation and amortisation charges	168,268	176,101
Increase in debtors	(2,200,409)	(19,123)
Increase/(decrease) in creditors	353,987	(340,904)
Increase in provisions for liabilities and charges	160,513	183,290
<b>Net cash inflow from operating activities</b>	<u><u>9,419,028</u></u>	<u><u>8,726,951</u></u>

**17. Analysis of Cash Flows**

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>a) Returns on investments and servicing of finance</b>		
Interest received	219,143	147,176
	<u><u>219,143</u></u>	<u><u>147,176</u></u>
<b>b) Taxation</b>		
UK corporation tax paid	(80,980)	(90,797)
	<u><u>(80,980)</u></u>	<u><u>(90,797)</u></u>
<b>c) Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(179,598)	(695,498)
Disposal proceeds of tangible fixed assets	17,348	19,922
	<u><u>(162,250)</u></u>	<u><u>(675,576)</u></u>
<b>d) Transactions with members and former members</b>		
Drawings and distributions	(4,364,017)	(5,502,605)
Income tax paid on behalf of members	(3,031,410)	(2,729,273)
Capital contributions by members	261,988	208,501
Capital repayment to members	(185,227)	(187,202)
	<u><u>(7,318,666)</u></u>	<u><u>(8,210,579)</u></u>
<b>e) Financing</b>		
Loan repayment	<u><u>(1,250,000)</u></u>	<u><u>250,000</u></u>

**Notes to the Financial Statements**  
Year ended 31 March 2012

**18. Analysis of Changes in Net Debt**

	At 1 April 2011	Cash flow	At 31 March 2012
Cash at bank	886,920	(423,725)	463,195
Bank loan	(1,250,000)	1,250,000	-
Net (debt) / funds	<u>(363,080)</u>	<u>826,275</u>	<u>463,195</u>

**19. Transactions with Related Parties**

Fladgate LLP has relied upon the exemption given in the Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions between itself and its subsidiary undertakings