

Fladgate LLP

Report and Financial Statements

**Year ended
31 March 2010**

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 2010

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

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
P Leese
A N McKenzie
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 cessation of membership from the firm

Report to the Members

Year ended 31 March 2010

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 profit or loss of the firm 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,
- 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 Board on behalf of the members.

Signed on behalf of the Board



A N McKenzie

Date 1 December 2010

Designated Member

Independent Auditors' Report to the Members of Fladgate LLP

We have audited the financial statements of Fladgate LLP for the year ended 31 March 2010 which comprise the consolidated profit and loss account, the consolidated balance sheet, the limited liability partnership balance sheet, 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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable to limited liability partnerships. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

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 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 (APB'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 LLP'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.

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 parent LLP's affairs as at 31 March 2010 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.

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 financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, 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 Auditors
London, UK

2 December 2010

Consolidated Profit and Loss Account
Year ended 31 March 2010

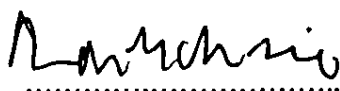
| | Note | 2010 £ | 2009 £ |
|---|----------|-------------------------|-------------------------|
| Turnover | 2 | 21,378,806 | 23,078,215 |
| Operating expenses | 3 | <u>(12,165,083)</u> | <u>(13,415,151)</u> |
| Operating profit | | 9,213,723 | 9,663,064 |
| Net interest receivable | 5 | <u>305,869</u> | <u>575,652</u> |
| Profit for the financial year before members' remuneration | | 9,519,592 | 10,238,716 |
| Members' remuneration charged as an expense | | <u>(490,366)</u> | <u>(662,924)</u> |
| Profit available for discretionary division among members | | <u><u>9,029,226</u></u> | <u><u>9,575,792</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
Year ended 31 March 2010

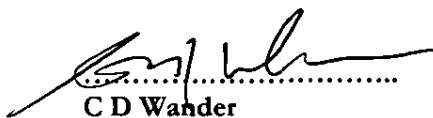
| | | 2010 | 2009 |
|---|-------|-------------------|-------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible fixed assets | 8 | 441,654 | 648,494 |
| Investments | 9 | 4 | 3 |
| | | <u>441,658</u> | <u>648,497</u> |
| Current assets | | | |
| Debtors | 10 | 10,302,515 | 8,888,595 |
| Amounts due from members | | 8,800,121 | 8,942,502 |
| Cash at bank and in hand | | 489,745 | 1,222,403 |
| | | <u>19,592,381</u> | <u>19,053,500</u> |
| Creditors: amounts falling due within one year | 11 | (3,350,887) | (1,996,701) |
| Net current assets | | <u>16,241,494</u> | <u>17,056,799</u> |
| Total assets less current liabilities | | 16,683,152 | 17,705,296 |
| Provision for liabilities | 12 | (1,970,000) | (1,833,328) |
| Net assets | | <u>14,713,152</u> | <u>15,871,968</u> |
| Represented by: | | | |
| Loans and other debts due to members within one year | | | |
| Members' capital classified as a liability under FRS 25 | 13(a) | 2,663,047 | 2,042,955 |
| Other amounts | 13(a) | 3,020,879 | 3,478,221 |
| | | <u>5,683,926</u> | <u>5,521,176</u> |
| Equity | | | |
| Members' other interests – other reserves classified as equity under FRS 25 | 13(a) | 9,029,226 | 10,350,792 |
| | | <u>14,713,152</u> | <u>15,871,968</u> |
| Total Members' interests | | | |
| Amounts due from members | | (8,800,121) | (8,942,502) |
| Loans and other debts due to members | | 5,683,926 | 5,521,176 |
| Members' other interests | | 9,029,226 | 10,350,792 |
| | 13(a) | <u>5,913,031</u> | <u>6,929,466</u> |

These financial statements of Fladgate LLP (Registered number OC334334) on pages 4 to 18 were approved by the members and signed on their behalf on 1 December 2010 by



A N McKenzie

Designated Member



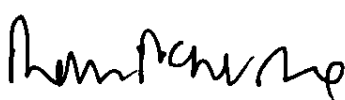
C D Wander

Designated Member

Limited Liability Partnership Balance Sheet
Year ended 31 March 2010

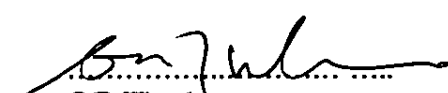
| | Note | 2010 £ | 2009 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | 441,654 | 648,494 |
| Investments | 9 | 2 | 2 |
| | | <u>441,656</u> | <u>648,496</u> |
| Current assets | | | |
| Debtors | 10 | 10,534,548 | 8,888,578 |
| Amounts due from members | | 8,711,003 | 8,942,502 |
| Cash at bank and in hand | | 477,734 | 1,205,496 |
| | | <u>19,723,285</u> | <u>19,036,576</u> |
| Creditors: amounts falling due within one year | 11 | <u>(3,483,758)</u> | <u>(1,985,123)</u> |
| Net current assets | | <u>16,239,527</u> | <u>17,051,453</u> |
| Total assets less current liabilities | | 16,681,183 | 17,699,949 |
| Provision for liabilities | 12 | <u>(1,970,000)</u> | <u>(1,833,328)</u> |
| Net assets | | <u>14,711,183</u> | <u>15,866,621</u> |
| Represented by: | | | |
| Loans and other debts due to members within one year | | | |
| Members' capital classified as a liability under FRS 25 | 13(b) | 2,663,047 | 2,042,955 |
| Other amounts | 13(b) | 3,017,206 | 3,474,548 |
| | | <u>5,680,253</u> | <u>5,517,503</u> |
| Equity | | | |
| Members' other interests – other reserves classified as equity under FRS 25 | 13(b) | 9,030,930 | 10,349,118 |
| | | <u>14,711,183</u> | <u>15,866,621</u> |
| Total Members' interests | | | |
| Amounts due from members | | (8,711,003) | (8,942,502) |
| Loans and other debts due to members | | 5,680,253 | 5,517,503 |
| Members' other interests | | 9,030,930 | 10,349,118 |
| | 13(b) | <u>6,000,180</u> | <u>6,924,119</u> |

These financial statements of Fladgate LLP (Registered number OC334334) on pages 4 to 18 were approved by the members and signed on their behalf on 1 December 2010 by



 A N McKenzie

Designated Member



 C D Wander

Designated Member

Consolidated Cash Flow Statement
Year ended 31 March 2010

| | Note | 2010 £ | 2009 £ |
|---|------|--------------------|--------------------|
| Consolidated cash flow statement | | | |
| Net cash inflow from operating activities | 16 | 7,463,008 | 10,414,740 |
| Returns on investments and servicing of finance | 17 | 356,353 | 575,652 |
| Capital expenditure and financial investment | 17 | (168,498) | (534,265) |
| Transactions with members and former members | 17 | (10,383,521) | (11,659,429) |
| Financing | 17 | 1,000,000 | - |
| Decrease in cash in the year | | <u>(1,732,658)</u> | <u>(1,203,302)</u> |

| | | 2010 £ | 2009 £ |
|---|----|--------------------|--------------------|
| Reconciliation of net cash flow to movement in net funds | | | |
| Net funds at beginning of year | 18 | 1,222,403 | 2,425,705 |
| Decrease in cash in the year | 18 | <u>(1,732,658)</u> | <u>(1,203,302)</u> |
| Net debt at end of year | 18 | <u>(510,255)</u> | <u>1,222,403</u> |

Notes to the Financial Statements

Year ended 31 March 2010

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 2010. The financial statements consolidate the accounts of Fladgate LLP and all of its subsidiary undertakings (the "firm"), drawn up to 31 March 2010. 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 £489,745 of cash at bank and has a bank loan of £1,000,000 to fund its office relocation at 31 March 2010. Further details of the financial position of the group, its cash flows, liquidity position and borrowing facilities are described in 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 2010

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 improvements | - | over the remaining period of the lease |
| Furniture and equipment | - | 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 2010

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.

Leases

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

2. Segmental Analysis

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

3. Analysis of Operating Expenses

| | Note | 2010 £ | 2009 £ |
|-------------------------|------|-------------------|-------------------|
| Staff costs | 4 | 7,050,779 | 8,715,460 |
| Depreciation | 8 | 167,822 | 412,797 |
| Other operating charges | | 4,946,482 | 4,286,894 |
| | | <u>12,165,083</u> | <u>13,415,151</u> |

Notes to the Financial Statements

Year ended 31 March 2010

3. Analysis of Operating Expenses (continued)

Operating profit is stated after charging:

Depreciation

| | | |
|----------------|---------|---------|
| - Owned assets | 167,822 | 412,797 |
|----------------|---------|---------|

Operating lease rentals

| | | |
|----------------------|-----------|-----------|
| - Land and buildings | 2,282,488 | 1,159,185 |
|----------------------|-----------|-----------|

Auditors' remuneration

| | | |
|---|--------|--------|
| - Fees payable to the company's auditors for the audit of the company's annual accounts | 25,100 | 25,100 |
| - Other services | 29,600 | 29,600 |

4. Staff and Staff Costs

| | 2010 No. | 2009 No. |
|---|------------------|------------------|
| The average number of people employed during the year (excluding members) was | | |
| Fee-earners | 49 | 55 |
| Support staff | 86 | 98 |
| | <u>135</u> | <u>153</u> |
| | 2010 | 2009 |
| | £ | £ |
| Staff costs incurred during the year in respect of employees were | | |
| Salaries (including staff bonus) | 6,156,521 | 7,596,408 |
| Social Security costs | 675,990 | 854,254 |
| Other pension costs | 218,268 | 263,298 |
| Other costs | - | 1,500 |
| Total staff costs | <u>7,050,779</u> | <u>8,715,460</u> |

The cost of contributions in respect of employees' personal pension schemes included in the profit and loss account for the year was £218,268 (2009 - £263,298) No contributions were outstanding at either year end

Notes to the Financial Statements

Year ended 31 March 2010

5. Net Interest Receivable

| | 2010 | 2009 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Bank and other interest receivable | <u>305,869</u> | <u>575,652</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

| | 2010 | 2009 |
|---------------------------|-----------|-----------|
| | No. | No. |
| Average number of members | <u>46</u> | <u>44</u> |

The highest remuneration of a member for the year was £572,200 (2009 - £593,926)

7. Profit Attributable to the Limited Liability Partnership

The profit for the financial year attributable to the parent undertaking, Fladgate LLP, was £9,030,930 (2009 - £9,574,118)

8. Tangible Fixed Assets – Consolidated and Limited Liability Partnership

| | Leasehold improvements | Furniture and equipment | Computer equipment | Motor vehicles | Total |
|------------------------------|------------------------|-------------------------|--------------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| <u>COST</u> | | | | | |
| At 1 April 2009 | 1,997,677 | 1,368,499 | 895,565 | 462,773 | 4,724,514 |
| Additions | 3,953 | 128,682 | 35,863 | - | 168,498 |
| Disposals | - | (56,162) | (107,102) | - | (163,264) |
| Transfers | (202,500) | - | - | - | (202,500) |
| At 31 March 2010 | <u>1,799,130</u> | <u>1,441,019</u> | <u>824,326</u> | <u>462,773</u> | <u>4,527,248</u> |
| <u>DEPRECIATION</u> | | | | | |
| At 1 April 2009 | 1,795,173 | 1,215,640 | 807,539 | 257,668 | 4,076,020 |
| Charge for the year | 3,953 | 59,778 | 52,814 | 51,277 | 167,822 |
| Disposals | - | (52,057) | (106,191) | - | (158,248) |
| At 31 March 2010 | <u>1,799,126</u> | <u>1,223,361</u> | <u>754,162</u> | <u>308,945</u> | <u>4,085,594</u> |
| <u>NET BOOK VALUE</u> | | | | | |
| At 31 March 2009 | <u>202,504</u> | <u>152,859</u> | <u>88,026</u> | <u>205,105</u> | <u>648,494</u> |
| At 31 March 2010 | <u>4</u> | <u>217,658</u> | <u>70,164</u> | <u>153,828</u> | <u>441,654</u> |

Notes to the Financial Statements

Year ended 31 March 2010

8. Tangible Fixed Assets – Consolidated and Limited Liability Partnership

The profit/(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 incorporation | Activity | Proportion of voting rights and ordinary shares held |
|----------------------|--------------------------|-----------------|--|
| Walgate Services Ltd | England & Wales | Service company | 100% |
| Walgate Trustees Ltd | England & Wales | Dormant | 100% |

| | Consolidated | Limited Liability Partnership |
|-------------------------|--------------|-------------------------------|
| | Total | Total |
| | £ | £ |
| Cost and net book value | | |
| At 1 April 2009 | 3 | 2 |
| Addition | 1 | - |
| At 31 March 2010 | 4 | 2 |

10. Debtors

| | Consolidated | | Limited Liability Partnership | |
|---------------------------------|--------------|-----------|-------------------------------|-----------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Client debtors | 5,719,784 | 5,605,333 | 5,719,784 | 5,605,333 |
| Social security and other taxes | - | - | 232,033 | - |
| Unbilled revenue | 2,080,715 | 2,097,550 | 2,080,715 | 2,097,550 |
| Other debtors | 64,692 | 71,466 | 64,692 | 71,468 |
| Prepayments and accrued income | 2,437,324 | 1,114,246 | 2,437,324 | 1,114,227 |
| | 10,302,515 | 8,888,595 | 10,534,548 | 8,888,578 |

Notes to the Financial Statements

Year ended 31 March 2010

11. Creditors: Amounts Falling Due Within One Year

| | Consolidated | | Limited Liability Partnership | |
|-----------------------------------|------------------|------------------|-------------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | £ | £ | £ | £ |
| Bank loan | 1,000,000 | - | 1,000,000 | - |
| Trade creditors | 1,304,895 | 478,758 | 1,304,895 | 478,758 |
| Social security and other taxes | 371,521 | 754,758 | 190,594 | 305,471 |
| Amounts due to group undertakings | - | - | 315,301 | 439,209 |
| Other creditors | 14,951 | 42,090 | 14,951 | 42,090 |
| Accruals and deferred income | 659,520 | 721,095 | 658,017 | 719,595 |
| | <u>3,350,887</u> | <u>1,996,701</u> | <u>3,483,758</u> | <u>1,985,123</u> |

The bank loan is part of a Revolving Credit Facility to fund the office relocation. The amount outstanding at 31st March 2010 is repayable on 8th September 2010. Interest is charged on the loan at 3.374% per annum. The facility is secured against the Partners fixed capital.

12. Provision for Liabilities

| | Provision for onerous lease | Provision for dilapidations | Provision for claims | Total |
|-----------------------|-----------------------------|-----------------------------|----------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2009 | 330,000 | 250,000 | 1,253,328 | 1,833,328 |
| Charge for the period | - | - | 405,000 | 405,000 |
| Provision utilised | - | - | (268,328) | (268,328) |
| At 31 March 2010 | <u>330,000</u> | <u>250,000</u> | <u>1,390,000</u> | <u>1,970,000</u> |

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

Notes to the Financial Statements
Year ended 31 March 2010

13a. Reconciliation of Members' Interests

| Consolidated | Members' capital classified as a liability under FRS 25 | Loans and other debts due to members | Members' other interests | Subtotal | Loans and other debts due from members | Total members' interests |
|--|---|--------------------------------------|--------------------------|--------------|--|--------------------------|
| | £ | £ | £ | £ | £ | £ |
| Members' interests at 1 April 2009 | 2,042,955 | 3,478,221 | 10,350,792 | 15,871,968 | (8,942,502) | 6,929,466 |
| For discretionary division among members' | - | - | 9,029,226 | 9,029,226 | - | 9,029,226 |
| Members' interests after profit for the year | 2,042,955 | 3,478,221 | 19,380,018 | 24,901,194 | (8,942,502) | 15,958,692 |
| Allocation of prior year profit | - | - | (10,350,792) | (10,350,792) | 10,350,792 | - |
| Capital introduced | 623,842 | (457,342) | - | 166,500 | - | 166,500 |
| Repayments of capital | (3,750) | - | - | (3,750) | - | (3,750) |
| Amounts paid to members' | - | - | - | - | (10,208,411) | (10,208,411) |
| Members' interests at 31 March 2010 | 2,663,047 | 3,020,879 | 9,029,226 | 14,713,152 | (8,800,121) | 5,913,031 |

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 2010 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 2010

13b. Reconciliation of Members' Interests

| Limited Liability Partnership | Members' capital classified as a liability under FRS 25 | Loans and other debts due to members | Members' other interests | Subtotal | Loans and other debts due from members | Total members' interests |
|--|---|--------------------------------------|--------------------------|--------------|--|--------------------------|
| | £ | £ | £ | £ | £ | £ |
| Members' interests at 1 April 2009 | 2,042,955 | 3,474,548 | 10,349,118 | 15,866,621 | (8,942,502) | 6,924,119 |
| For discretionary division among members' | - | - | 9,030,930 | 9,030,930 | - | 9,030,930 |
| Members' interests after profit for the year | 2,042,955 | 3,474,548 | 19,380,048 | 24,897,551 | (8,942,502) | 15,955,049 |
| Allocation of prior year profit | - | - | (10,349,118) | (10,349,118) | 10,349,118 | - |
| Capital introduced | 623,842 | (457,342) | - | 166,500 | - | 166,500 |
| Repayments of capital | (3,750) | - | - | (3,750) | - | (3,750) |
| Amounts paid to members' | - | - | - | - | (10,117,619) | (10,117,619) |
| Members' interests at 31 March 2010 | 2,663,047 | 3,017,206 | 9,030,930 | 14,711,183 | (8,711,003) | 6,000,180 |

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

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Operating lease payments due within next twelve months in respect of land and buildings | | |
| - Terminating within one year | 341,666 | 820,000 |
| - Terminating between two to five years | - | - |
| - Terminating after five years | 2,136,232 | 330,000 |
| | <u>2,477,898</u> | <u>1,150,000</u> |

Notes to the Financial Statements

Year ended 31 March 2010

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

| | 2010 £ | 2009 £ |
|--|------------------|-------------------|
| Operating profit | 9,213,723 | 9,663,064 |
| Depreciation and amortisation charges | 167,822 | 412,797 |
| (Increase)/decrease in debtors | (1,413,920) | 1,103,769 |
| Decrease in creditors | (645,820) | (757,897) |
| Increase /(decrease) in provisions for liabilities and charges | 136,672 | (4,231) |
| Loss/(profit) on disposal of tangible fixed assets | 4,531 | (2,762) |
| Net cash inflow from operating activities | <u>7,463,008</u> | <u>10,414,740</u> |

17. Analysis of Cash Flows

| | 2010 £ | 2009 £ |
|---|-------------------|-------------------|
| a) Returns on investments and servicing of finance | | |
| Interest received | 305,869 | 575,652 |
| Current asset investment disposal proceeds | 50,484 | - |
| | <u>356,353</u> | <u>575,652</u> |
| b) Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | 168,498 | 554,190 |
| Disposal of tangible fixed assets | - | (19,925) |
| | <u>168,498</u> | <u>534,265</u> |
| c) Transactions with members and former members | | |
| Drawings and distributions | 7,407,013 | 7,813,644 |
| Income tax paid on behalf of members | 3,596,600 | 4,216,800 |
| Capital contributions by members | (623,842) | (435,745) |
| Capital repayment to members | 3,750 | 64,730 |
| | <u>10,383,521</u> | <u>11,659,429</u> |
| d) Financing | | |
| Loan finance | <u>1,000,000</u> | <u>-</u> |

Notes to the Financial Statements
Year ended 31 March 2010

18. Analysis of Changes in Net Funds

| | At 1 April 2009 | Cash flow | At 31 March 2010 |
|--------------------|--------------------|--------------------|---------------------|
| Cash at bank | 1,222,403 | (732,658) | 489,745 |
| Bank loan | - | (1,000,000) | (1,000,000) |
| Net (debt) / funds | <u>1,222,403</u> | <u>(1,732,658)</u> | <u>(510,255)</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