

Fladgate LLP

Report and Financial Statements

**Year ended
31 March 2017**

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 2017.

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 throughout the year were:

S J Ekins
G D Gordon
R M Reuben
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.

Going Concern

The Board has a reasonable expectation that the LLP and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in accordance with the LLP agreement.

Report to the Members

Year ended 31 March 2017

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Board on behalf of the members.

Signed on behalf of the Board:



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S J Ekins

Designated Member

19 October 2017

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 2017 which comprise the consolidated profit and loss account, the consolidated and LLP balance sheets, the consolidated and LLP statement of changes in members' interests, 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 groups 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 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.

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 2017 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 Auditor's 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
Statutory Auditor
London, UK
20 October 2017

Consolidated Profit and Loss Account
Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	3	48,041,927	41,513,607
Other operating income		518,955	600,383
		<u>48,560,882</u>	<u>42,113,990</u>
Operating expenses	4	(22,101,240)	(19,863,517)
Operating profit		26,459,642	22,250,473
(Loss)/profit on disposal of fixed assets		(6,406)	2,989
Net interest receivable	6	437,497	408,954
Profit on ordinary activities before taxation		26,890,733	22,662,416
Tax on profit on ordinary activities	7	(49,543)	(42,981)
Profit for the financial year before members' remuneration		26,841,190	22,619,435
Members' remuneration charged as an expense		-	-
Profit available for discretionary division among members		<u>26,841,190</u>	<u>22,619,435</u>


All amounts relate to continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.


Consolidated Balance Sheet
31 March 2017

		2017	2016
	Note	£	£
Fixed assets			
Tangible fixed assets	10	1,706,928	1,780,718
Investments	11	3	5
		<u>1,706,931</u>	<u>1,780,723</u>
Current assets			
Debtors	12	19,029,635	17,977,805
Amounts due from members		20,531,369	17,545,576
Cash at bank and in hand		4,625,964	3,037,736
		<u>44,186,968</u>	<u>38,561,117</u>
Creditors: amounts falling due within one year	13	(4,449,992)	(3,376,414)
		<u>39,736,976</u>	<u>35,184,703</u>
Net current assets			
		39,736,976	35,184,703
Total assets less current liabilities		41,443,907	36,965,426
Provision for liabilities	14	(1,685,689)	(1,955,032)
		<u>39,758,218</u>	<u>35,010,394</u>
Net assets			
		<u>39,758,218</u>	<u>35,010,394</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		5,880,335	5,513,367
Other amounts		7,036,693	6,877,592
		<u>12,917,028</u>	<u>12,390,959</u>
Equity			
Members' other interests – other reserves classified as equity		26,841,190	22,619,435
		<u>39,758,218</u>	<u>35,010,394</u>
Total Members' interests			
Amounts due from members		(20,531,369)	(17,545,576)
Loans and other debts due to members		12,917,028	12,390,959
Members' other interests		26,841,190	22,619,435
		<u>19,226,849</u>	<u>17,464,818</u>

These financial statements of Fladgate LLP (Registered number OC334334) on pages 5 to 21 were approved by the members and signed on their behalf on 19 October 2017 by


.....
S J Ekins

Designated Member


.....
G D Gordon


Designated Member

Limited Liability Partnership Balance Sheet
31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible fixed assets	10	1,706,928	1,780,718
Investments	11	250,002	4
		<u>1,956,930</u>	<u>1,780,722</u>
Current assets			
Debtors	12	19,088,426	18,017,944
Amounts due from members		20,533,199	17,543,652
Cash at bank and in hand		3,175,983	1,737,266
		<u>42,797,608</u>	<u>37,298,862</u>
Creditors: amounts falling due within one year	13	(3,314,631)	(2,123,740)
Net current assets		<u>39,482,977</u>	<u>35,175,122</u>
Total assets less current liabilities		<u>41,439,907</u>	<u>36,955,844</u>
Provision for liabilities	14	(1,685,689)	(1,955,032)
Net assets		<u><u>39,754,218</u></u>	<u><u>35,000,812</u></u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		5,880,335	5,513,367
Other amounts		7,030,865	6,869,934
		<u>12,911,200</u>	<u>12,383,301</u>
Equity			
Members' other interests – other reserves classified as equity		26,843,018	22,617,511
		<u>39,754,218</u>	<u>35,000,812</u>
Total Members' interests			
Amounts due from members		(20,533,199)	(17,543,652)
Loans and other debts due to members		12,911,200	12,383,301
Members' other interests		26,843,018	22,617,511
		<u>19,221,019</u>	<u>17,457,160</u>

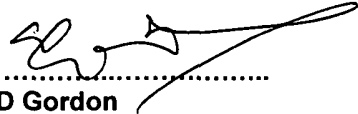
The profit for the financial year attributable to the parent undertaking, Fladgate LLP, was £26,843,018 (2016 - £22,617,511).

These financial statements of Fladgate LLP (Registered number OC334334) on pages 5 to 21 were approved by the members and signed on their behalf on 19 October 2017 by



S J Ekins

Designated Member



G D Gordon

Designated Member

Consolidated statement of changes in members' interests
Year ended 31 March 2017

	Members' capital classified as a liability	Loans and other debts due to / (due from) members	Members' other interests	Total members' interests
	£	£	£	£
Amounts due to members		5,433,832		
Amounts due from members		(15,238,590)		
Members' interests at 1 April 2015	5,345,338	(9,804,758)	18,761,977	14,302,557
For discretionary division among members	-	-	22,619,435	22,619,435
Members' interests after profit for the year	5,345,338	(9,804,758)	41,381,412	36,921,992
Allocation of prior year profit	-	18,761,977	(18,761,977)	-
Capital introduced	495,001	-	-	495,001
Repayments of capital	(326,972)	-	-	(326,972)
Amounts paid to and on behalf of members	-	(19,625,203)	-	(19,625,203)
Amounts due to members		6,877,592		
Amounts due from members		(17,545,576)		
Members' interests at 31 March 2016	5,513,367	(10,667,984)	22,619,435	17,464,818
For discretionary division among members	-	-	26,841,190	26,841,190
Members' interests after profit for the year	5,513,367	(10,667,984)	49,460,625	44,306,008
Allocation of prior year profit	-	22,619,435	(22,619,435)	-
Capital introduced	773,226	-	-	773,226
Repayments of capital	(406,258)	-	-	(406,258)
Amounts paid to and on behalf of members	-	(25,446,127)	-	(25,446,127)
Amounts due to members		7,036,693		
Amounts due from members		(20,531,369)		
Members' interests at 31 March 2017	5,880,335	(13,494,676)	26,841,190	19,226,849

Limited Liability Partnership statement of changes in members' interests
Year ended 31 March 2017

	Members' capital classified as a liability	Loans and other debts due to / (due from) members	Members' other interests	Total members' interests
	£	£	£	£
Amounts due to members		5,327,402		
Amounts due from members		(15,138,223)		
Members' interests at 1 April 2015	5,345,338	(9,810,821)	18,762,306	14,296,823
For discretionary division among members	-	-	22,617,511	22,617,511
Members' interests after profit for the year	5,345,338	(9,810,821)	41,379,817	36,914,334
Allocation of prior year profit	-	18,762,306	(18,762,306)	-
Capital introduced	495,001	-	-	495,001
Repayments of capital	(326,972)	-	-	(326,972)
Amounts paid to and on behalf of members	-	(19,625,203)	-	(19,625,203)
Amounts due to members		6,869,934		
Amounts due from members		(17,543,652)		
Members' interests at 31 March 2016	5,513,367	(10,673,718)	22,617,511	17,457,160
For discretionary division among members	-	-	26,843,018	26,843,018
Members' interests after profit for the year	5,513,367	(10,673,718)	49,460,529	44,300,178
Allocation of prior year profit	-	22,617,511	(22,617,511)	-
Capital introduced	773,226	-	-	773,226
Repayments of capital	(406,258)	-	-	(406,258)
Amounts paid to and on behalf of members	-	(25,446,127)	-	(25,446,127)
Amounts due to members		7,030,865		
Amounts due from members		(20,533,199)		
Members' interests at 31 March 2017	5,880,335	(13,502,334)	26,843,018	19,221,019

Consolidated Cash Flow Statement
Year ended 31 March 2017

	Note	2017 £	2016 £
Net cash flows from operating activities	18	26,610,708	19,337,551
Cash flows from investing activities			
Purchase of tangible fixed assets		(406,798)	(857,319)
Disposal proceeds of tangible fixed assets		25,980	29,643
Interest received		437,497	408,954
Net cash flows from investing activities		56,679	(418,722)
Transactions with members and former members			
Drawings and distributions		(25,446,127)	(19,625,203)
Capital contributions by members		773,226	495,001
Capital repayment to members		(406,258)	(326,972)
Net cash flows from transactions with members and former members		(25,079,159)	(19,457,174)
Net increase/(decrease) in cash and cash equivalents		1,588,228	(538,345)
Cash and cash equivalents at beginning of year		3,037,736	3,576,081
Cash and cash equivalents at end of year		4,625,964	3,037,736

Cash and cash equivalents comprise cash at bank and in hand.

Notes to the Financial Statements Year ended 31 March 2017

1. Accounting Policies

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

General information and basis of accounting

Fladgate LLP is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Limited Liability Partnerships' operations and its principal activities are set out in the report to the Members on pages 1 and 2.

The financial statements have been prepared under the historical cost convention, modified include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

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 2017. The financial statements consolidate the accounts of Fladgate LLP and all of its subsidiary undertakings (the "firm"), drawn up to 31 March 2017. 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 £4,625,964 of cash at bank at 31 March 2017. Further details of the financial position of the group, its cash flows, liquidity position and borrowing facilities are disclosed in the balance sheet, cash flow statement and note 18. 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. 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 2017

1. Accounting Policies (continued)

Turnover and revenue recognition

Revenue for services 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 Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as unbilled revenue within debtors. Unbilled revenue is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the group. 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.

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 or anticipated life.
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. Current asset investments are listed investments and are stated at the lower of cost and net realisable value.

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.

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.

Notes to the Financial Statements

Year ended 31 March 2017

1. Accounting Policies (continued)

Provisions (continued)

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 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.

Financial instruments

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

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

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

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

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

Notes to the Financial Statements

Year ended 31 March 2017

1. Accounting Policies (continued)

Financial instruments (continued)

- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

(i) Investments

In the Partnership balance sheet, investments in subsidiaries and joint ventures and associates are measured at cost less impairment.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Notes to the Financial Statements

Year ended 31 March 2017

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – accrued revenue

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

Onerous lease obligations

The provisions recorded in respect of onerous leases have been made using estimates of future use, and the present value of rental payments and future income.

Impairment of debtors

The Group makes an estimate of the recoverable value of debtors, other debtors and accrued income/amounts recoverable on contracts. When assessing impairment of trade receivables, other debtors and accrued income/amounts recoverable on contracts, management considers factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 12 for the net carrying amount of the Group's debtors and associated impairment provision.

Measurement of provisions

The Group's provisions, as set out in note 14 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on Management's best estimate of future cash flows.

3. 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.

4. Analysis of Operating Expenses

		2017	2016
	Note	£	£
Staff costs	5	11,739,144	10,040,974
Depreciation	10	454,610	385,665
Other operating charges		9,907,486	9,436,878
		<u>22,101,240</u>	<u>19,863,517</u>

Notes to the Financial Statements
Year ended 31 March 2017

4. Analysis of Operating Expenses (continued)

	2017	2016
	£	£
Operating profit is stated after charging:		
Depreciation:		
- Owned assets	454,610	385,665
Operating lease rentals:		
- Land and buildings	3,527,440	3,527,440
Auditor's remuneration:		
- Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	35,900	37,150
- Fees payable to the LLP's auditor for the audit of the LLP's subsidiaries	4,000	1,600
- Audit related assurance services	28,650	27,850
- Taxation services	<u>69,385</u>	<u>72,491</u>

5. Staff and Staff Costs

	2017	2016
	No.	No.
The average number of people employed during the year (excluding members) was:		
Fee-earners	94	78
Support staff	85	84
	<u>179</u>	<u>162</u>
	2017	2016
	£	£
Staff costs incurred during the year in respect of employees were:		
Salaries (including staff bonus)	10,222,434	8,702,391
Social Security costs	1,162,400	1,008,302
Other pension costs	<u>354,310</u>	<u>330,281</u>
Total staff costs	<u>11,739,144</u>	<u>10,040,974</u>

The cost of contributions in respect of employees' personal pension schemes included in the profit and loss account for the year was £354,310 (2016 - £330,281). No contributions were outstanding at either year end.

Notes to the Financial Statements
Year ended 31 March 2017

6. Net Interest Receivable

	2017	2016
	£	£
Bank and other interest receivable	<u>437,497</u>	<u>408,954</u>

7. Tax on profit on ordinary activities

The taxation charge which arises in the corporate entity included within these financial statements is:

	2017	2016
	£	£
Tax charge for the year		
Current taxation		
United Kingdom corporation tax	<u>(49,543)</u>	<u>(42,981)</u>

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 20%. The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

Reconciliation of current tax	2017	2016
	£	£
Profit on ordinary activities of corporate entities before tax	<u>26,890,733</u>	<u>22,662,416</u>
Tax on profit on ordinary activities at standard rate of 20% (2016: 20%)	(5,378,146)	(4,532,483)
Factors affecting charge for the year:		
Tax on profit subject to self-assessment	<u>5,328,603</u>	<u>4,489,502</u>
Total actual amount of current tax	<u>(49,543)</u>	<u>(42,981)</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date.

We have inspected the tax rate applied to the carried forward deferred tax balance. The Government reduced the main rate of corporation tax to 17% effective from 1 April 2020 (substantively enacted on 6 September 2016, Royal Assent on 15 September 2016), replacing the previously enacted 18% rate. This is in line with the Government's proposed changes following the Budget announcement on 8 July 2015.

8. 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.

	2017	2016
	No.	No.
Average number of members	<u>75</u>	<u>71</u>

The highest remuneration of a member for the year was £1,280,945 (2016 - £1,118,161).

Notes to the Financial Statements

Year ended 31 March 2017

9. Profit Attributable to the Limited Liability Partnership

No separate profit and loss account or statement of comprehensive income is presented in respect of the parent undertaking. The profit attributable to the company is disclosed on the footnote to the LLP balance sheet.

10. Tangible Fixed Assets – Consolidated and Limited Liability Partnership

	Leasehold costs & improvements	Furniture and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<u>COST</u>					
At 1 April 2016	1,132,871	908,232	1,489,321	371,101	3,901,525
Additions	29,836	73,788	223,174	80,000	406,798
Disposals	-	(35,213)	(119,669)	(81,063)	(235,945)
At 31 March 2017	1,162,707	946,807	1,592,826	370,038	4,072,378
<u>DEPRECIATION</u>					
At 1 April 2016	213,684	548,728	1,132,624	225,771	2,120,807
Charge for the year	105,218	72,011	227,150	50,231	454,610
Disposals	-	(33,631)	(119,664)	(56,672)	(209,967)
At 31 March 2017	318,902	587,108	1,240,110	219,330	2,365,450
<u>NET BOOK VALUE</u>					
At 31 March 2016	919,187	359,504	356,697	145,330	1,780,718
At 31 March 2017	843,805	359,699	352,716	150,708	1,706,928

The loss arising from the disposal of assets was £6,406.

11. 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	Non trading	100%
Fladgate Ltd	England and Wales	Dormant	100%
Fladgates Ltd	England and Wales	Dormant	100%
Fladgate Trustees Ltd	England and Wales	Dormant	100%

* Held directly by Fladgate LLP.

The registered office address for all of the direct and indirect subsidiaries above is 16 Great Queen Street, London WC2B 5DG.

Notes to the Financial Statements
Year ended 31 March 2017

11. Investments (continued)

	Consolidated		Limited Liability Partnership	
	2017	2016	2017	2016
	£	£	£	£
Fixed asset investments	3	5	250,002	4

12. Debtors

	Consolidated		Limited Liability Partnership	
	2017	2016	2017	2016
	£	£	£	£
Client debtors	9,763,897	8,993,404	9,763,897	8,993,404
Unbilled revenue	4,263,991	3,777,452	4,263,991	3,777,452
Amounts due from group undertakings	-	-	-	-
Other debtors	93,886	72,300	6,000	-
Dividend receivable	-	-	200,000	170,000
Prepayments and accrued income	4,907,861	5,134,649	4,854,538	5,077,088
	<u>19,029,635</u>	<u>17,977,805</u>	<u>19,088,426</u>	<u>18,017,944</u>

All debtors are due within one year.

13. Creditors: Amounts Falling Due Within One Year

	Consolidated		Limited Liability Partnership	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	999,280	809,523	971,823	755,920
Amounts due to group undertakings	-	-	660,668	134,830
Corporation tax	49,543	42,981	-	-
Social security and other taxes	1,507,952	1,236,900	599,115	399,004
Other creditors	54,314	53,541	-	-
Accruals and deferred income	1,838,903	1,233,469	1,083,025	833,986
	<u>4,449,992</u>	<u>3,376,414</u>	<u>3,314,631</u>	<u>2,123,740</u>

Notes to the Financial Statements
Year ended 31 March 2017

14. Provision for Liabilities

Consolidated and Limited Liability Partnership	Provision for onerous lease	Provision for dilapidations	Provision for claims	Total
	£	£	£	£
At 1 April 2016	355,032	250,000	1,350,000	1,955,032
Charge for the year	-	-	685,000	685,000
Provision utilised	(182,849)	-	(771,494)	(954,343)
At 31 March 2017	<u>172,183</u>	<u>250,000</u>	<u>1,263,506</u>	<u>1,685,689</u>

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

15. Reconciliation of Members' Interests

Under the terms of the Members' Agreement, members are required to provide capital to the firm. The amount of capital varies according to the seniority of individual partners and is reviewed annually to adjust for new or retiring members. Amendments usually take place on 1 April. Capital is repaid to members upon cessation of membership over a period of 12 months following retirement 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 2017 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.

16. 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.

17. Operating Lease Commitments

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

	Land and buildings 2017	2016
	£	£
Group and Partnership		
- within one year	3,569,055	3,527,440
- between one and five years	13,849,360	13,037,260
- after five years	25,967,550	25,579,520
	<u>43,385,965</u>	<u>42,144,220</u>

Notes to the Financial Statements
Year ended 31 March 2017

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

	2017 £	2016 £
Operating profit	26,459,642	22,250,473
Adjustment for:		
Depreciation and amortisation charges	454,610	385,665
(Loss)/profit on sale of tangible fixed assets	(6,406)	2,989
Taxation	(42,981)	(37,417)
Operating cash flow before movement in working capital	26,864,865	22,601,710
Increase in debtors	(1,051,830)	(2,567,888)
Increase in creditors	1,067,016	6,384
Decrease in provisions for liabilities and charges	(269,343)	(702,655)
Cash generated by operations	26,610,708	19,337,551

19. Transactions with Related Parties

Fladgate LLP has relied upon the exemption given in the Financial Reporting Standard 102 s.33 'Related Party Disclosures' not to disclose transactions between itself and its subsidiary undertakings.

The total remuneration for key management personnel in the period was £4,294,889 (2016 £3,740,178).