

Fladgate LLP

Report and Financial Statements

**Year ended
31 March 2014**

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 2014.

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:

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 2014

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). 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:



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S J Ekins

Designated Member

2 October 2014

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 2014 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 20. 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 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 2014 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

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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.

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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
Chartered Accountants and Statutory Auditor
London, UK
6 October 2014

Consolidated Profit and Loss Account
Year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	31,114,460	26,947,762
Other operating income		834,239	832,987
		<u>31,948,699</u>	<u>27,780,749</u>
Operating expenses	3	(15,620,187)	(15,264,147)
Operating profit		16,328,512	12,516,602
Loss on disposal of fixed assets		(1,700)	(2,426)
Net interest receivable	5	430,540	340,565
Profit on ordinary activities before taxation		16,757,352	12,854,741
Tax on profit on ordinary activities	6	(101,756)	-
Profit for the financial year before members' remuneration		16,655,596	12,854,741
Members' remuneration charged as an expense		-	-
Profit available for discretionary division among members	14a	<u>16,655,596</u>	<u>12,854,741</u>


All amounts relate to continuing operations. There were no gains or losses in either year 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 2014

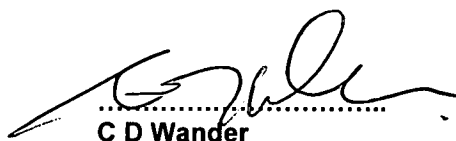
		2014	2013
	Note	£	£
Fixed assets			
Tangible fixed assets	9	1,035,215	890,161
Investments	10	5	4
		<u>1,035,220</u>	<u>890,165</u>
Current assets			
Debtors	11	14,772,291	13,776,317
Investments	10	1	92,500
Amounts due from members	14(a)	13,694,651	11,031,145
Cash at bank and in hand		<u>3,237,316</u>	<u>656,716</u>
		31,704,259	25,556,678
Creditors: amounts falling due within one year	12	<u>(2,858,280)</u>	<u>(2,595,255)</u>
Net current assets		<u>28,845,979</u>	<u>22,961,423</u>
Total assets less current liabilities		29,881,199	23,851,588
Provision for liabilities	13	<u>(2,977,368)</u>	<u>(2,589,136)</u>
Net assets		<u>26,903,831</u>	<u>21,262,452</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS 25	14(a)	4,911,334	3,269,525
Other amounts	14(a)	<u>5,336,901</u>	<u>5,138,186</u>
		10,248,235	8,407,711
Equity			
Members' other interests – other reserves classified as equity under FRS 25	14(a)	<u>16,655,596</u>	<u>12,854,741</u>
		<u>26,903,831</u>	<u>21,262,452</u>
Total Members' interests			
Amounts due from members		(13,694,651)	(11,031,145)
Loans and other debts due to members		10,248,235	8,407,714
Members' other interests		<u>16,655,596</u>	<u>12,854,738</u>
	14(a)	<u>13,209,180</u>	<u>10,231,307</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 2 October 2014 by



 S J Ekins

Designated Member




 C D Wander

Designated Member


Limited Liability Partnership Balance Sheet
31 March 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible fixed assets	9	1,035,215	890,161
Investments	10	2	2
		<u>1,035,217</u>	<u>890,163</u>
Current assets			
Debtors	11	14,517,713	13,570,881
Investments	10	1	92,500
Amounts due from members	14(b)	13,639,993	11,029,404
Cash at bank and in hand		2,363,312	402,171
		<u>30,521,019</u>	<u>25,094,956</u>
Creditors: amounts falling due within one year	12	(1,735,758)	(2,141,680)
Net current assets		<u>28,785,261</u>	<u>22,953,276</u>
Total assets less current liabilities		29,820,478	23,843,439
Provision for liabilities	13	(2,977,368)	(2,589,136)
Net assets		<u><u>26,843,110</u></u>	<u><u>21,254,303</u></u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS 25	14(b)	4,911,334	3,269,525
Other amounts	14(b)	5,275,839	5,131,783
		<u>10,187,173</u>	<u>8,401,308</u>
Equity			
Members' other interests – other reserves classified as equity under FRS 25	14(b)	16,655,937	12,852,995
		<u>26,843,110</u>	<u>21,254,303</u>
Total Members' interests			
Amounts due from members		(13,639,993)	(11,029,404)
Loans and other debts due to members		10,187,173	8,401,308
Members' other interests		16,655,937	12,852,995
	14(b)	<u><u>13,203,117</u></u>	<u><u>10,224,899</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 2 October 2014 by


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S J Ekins

Designated Member


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C D Wander

Designated Member

Consolidated Cash Flow Statement
Year ended 31 March 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	17	16,230,989	11,938,431
Returns on investments and servicing of finance	18	430,540	340,565
Taxation	18	(119,231)	(113,249)
Capital expenditure and financial investment	18	(393,945)	(142,517)
Transactions with members and former members	18	(13,567,753)	(11,829,709)
Increase in cash in the year		<u>2,580,600</u>	<u>193,521</u>

		2014 £	2013 £
Reconciliation of net cash flow to movement in net funds			
Net funds at beginning of year	19	656,716	463,195
Increase in cash in the year	19	<u>2,580,600</u>	<u>193,521</u>
Net funds at end of year	19	<u>3,237,316</u>	<u>656,716</u>

Notes to the Financial Statements

Year ended 31 March 2014

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.

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 2014. The financial statements consolidate the accounts of Fladgate LLP and all of its subsidiary undertakings (the "firm"), drawn up to 31 March 2014. 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 £3,237,316 of cash at bank at 31 March 2014. 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 notes 18 and 19. 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 2014

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. 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.

Notes to the Financial Statements

Year ended 31 March 2014

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

		2014	2013
	Note	£	£
Staff costs	4	7,507,390	7,386,890
Depreciation	9	246,132	169,481
Other operating charges		7,866,665	7,707,776
		<u>15,620,187</u>	<u>15,264,147</u>

Notes to the Financial Statements
Year ended 31 March 2014

3. Analysis of Operating Expenses (continued)

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation:		
- Owned assets	246,132	169,481
Operating lease rentals:		
- Land and buildings	2,616,935	2,616,935
Auditor's remuneration:		
- Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	34,700	69,400
- Fees payable to the LLP's auditor for the audit of the LLP's subsidiary	1,600	1,500
- Audit related assurance services	26,000	52,000
- Taxation advisory services	<u>71,483</u>	<u>59,317</u>

4. Staff and Staff Costs

	2014	2013
	No.	No.
The average number of people employed during the year (excluding members) was:		
Fee-earners	55	53
Support staff	76	78
	<u>131</u>	<u>131</u>
	2014	2013
	£	£
Staff costs incurred during the year in respect of employees were:		
Salaries (including staff bonus)	6,565,836	6,435,484
Social Security costs	748,063	754,336
Other pension costs	<u>193,491</u>	<u>197,070</u>
Total staff costs	<u>7,507,390</u>	<u>7,386,890</u>

The cost of contributions in respect of employees' personal pension schemes included in the profit and loss account for the year was £193,491 (2013 - £197,070). No contributions were outstanding at either year end.

Notes to the Financial Statements
Year ended 31 March 2014

5. Net Interest Receivable

	2014	2013
	£	£
Bank and other interest receivable	<u>430,540</u>	<u>340,565</u>

6. Tax on profit on ordinary activities

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

	2014	2013
	£	£
Tax charge for the year		
Current taxation		
United Kingdom corporation tax	<u>(101,756)</u>	<u>-</u>

The standard rate of corporation tax for the period, based on the UK standard rate of corporation tax is 23%. 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	2014	2013
	£	£
Profit on ordinary activities of corporate entities before tax	<u>16,757,352</u>	<u>12,854,741</u>
Tax on profit on ordinary activities at standard rate of 23% (2013: 24%)	(3,854,191)	(3,085,138)
Factors affecting charge for the year:		
Tax on profit subject to self-assessment	3,794,812	3,084,719
Transfer pricing adjustment	(73,462)	(128,443)
Intercompany transfer	-	119,231
Marginal relief	<u>7,681</u>	<u>9,631</u>
Total actual amount of current tax	<u>(101,756)</u>	<u>-</u>

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

7. 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.

	2014	2013
	No.	No.
Average number of members	<u>60</u>	<u>52</u>

The highest remuneration of a member for the year was £757,040 (2013 - £571,055).

Notes to the Financial Statements

Year ended 31 March 2014

8. Profit Attributable to the Limited Liability Partnership

The profit for the financial year attributable to the parent undertaking, Fladgate LLP, was £16,655,937 (2013 - £12,852,995).

9. 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 2013	471,535	981,340	983,298	454,950	2,891,123
Additions	87,868	38,775	212,121	87,584	426,348
Disposals	-	(139,710)	(191,435)	(165,644)	(496,789)
At 31 March 2014	559,403	880,405	1,003,984	376,890	2,820,682
<u>DEPRECIATION</u>					
At 1 April 2013	62,871	740,831	872,612	324,648	2,000,962
Charge for the year	29,435	63,565	106,439	46,693	246,132
Disposals	-	(138,415)	(188,679)	(134,533)	(461,627)
At 31 March 2014	92,306	665,981	790,372	236,808	1,785,467
<u>NET BOOK VALUE</u>					
At 31 March 2013	408,664	240,509	110,686	130,302	890,161
At 31 March 2014	467,097	214,424	213,612	140,082	1,035,215

The loss arising from the disposal of assets was £1,700.

10. 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%
Fladgate Trustees Ltd	England and Wales	Dormant	100%

* Held directly by Fladgate LLP.

Notes to the Financial Statements
Year ended 31 March 2014

10. Investments (continued)

	Consolidated		Limited Liability Partnership	
	2014	2013	2014	2013
	£	£	£	£
Fixed asset investments	5	4	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Current asset investments	1	92,500	1	92,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. Debtors

	Consolidated		Limited Liability Partnership	
	2014	2013	2014	2013
	£	£	£	£
Client debtors	7,339,381	7,908,129	7,339,381	7,908,129
Unbilled revenue	2,897,612	2,432,546	2,897,612	2,432,546
Other debtors	61,942	69,659	-	-
Dividend receivable	-	-	55,000	-
Prepayments and accrued income	4,473,356	3,365,983	4,225,720	3,230,206
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	14,772,291	13,776,317	14,517,713	13,570,881
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All debtors are due within one year.

12. Creditors: Amounts Falling Due Within One Year

	Consolidated		Limited Liability Partnership	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	656,517	907,727	598,617	876,652
Amounts due to group undertakings	-	-	1,073	519,550
Corporation tax	101,756	119,231	-	-
Social security and other taxes	936,312	753,527	312,752	163,191
Other creditors	32,445	34,503	-	-
Accruals and deferred income	1,131,250	780,267	823,316	582,287
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,858,280	2,595,255	1,735,758	2,141,680
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Financial Statements
Year ended 31 March 2014

13. Provision for Liabilities

Consolidated and Limited Liability Partnership	Provision for onerous lease	Provision for dilapidations	Provision for claims	Total
	£	£	£	£
At 1 April 2013	714,136	250,000	1,625,000	2,589,136
Charge for the period	-	-	750,000	750,000
Provision utilised	(121,768)	-	(240,000)	(361,768)
At 31 March 2014	<u>592,368</u>	<u>250,000</u>	<u>2,135,000</u>	<u>2,977,368</u>

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

14a. Reconciliation of Members' Interests

Consolidated	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	5,138,186			
Amounts due from members				
	(11,031,145)			
Members' interests at 1 April 2013	3,269,525	(5,892,959)	12,854,741	10,231,307
For discretionary division among members'	-	-	16,655,596	16,655,596
Members' interests after profit for the year	3,269,525	(5,892,959)	29,510,337	26,886,903
Allocation of prior year profit	-	12,854,741	(12,854,741)	-
Capital introduced	2,065,761	-	-	2,065,761
Repayments of capital	(423,952)	-	-	(423,952)
Amounts paid to and on behalf of members'	-	(15,319,532)	-	(15,319,532)
Amounts due to members	5,336,901			
Amounts due from members				
	(13,694,651)			
Members' interests at 31 March 2014	<u>4,911,334</u>	<u>(8,357,750)</u>	<u>16,655,596</u>	<u>13,209,180</u>

Notes to the Financial Statements
Year ended 31 March 2014

14a. Reconciliation of Members' Interests (continued)

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 2014 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.

14b. 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	5,131,783 (11,029,404)			
Amounts due from members				
Members' interests at 1 April 2013	3,269,525	(5,897,621)	12,852,995	10,224,899
For discretionary division among members'	-	-	16,655,937	16,655,937
Members' interests after profit for the year	3,269,525	(5,897,621)	29,508,932	26,880,836
Allocation of prior year profit	-	12,852,995	(12,852,995)	-
Capital introduced	2,065,761	-	-	2,065,761
Repayments of capital	(423,952)	-	-	(423,952)
Amounts paid to and on behalf of members'	-	(15,319,528)	-	(15,319,528)
Amounts due to members	5,275,839 (13,639,993)			
Amounts due from members				
Members' interests at 31 March 2014	4,911,334	(8,364,154)	16,655,937	13,203,117

Notes to the Financial Statements
Year ended 31 March 2014

15. 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.

16. Operating Lease Commitments

	2014	2013
	£	£
Operating lease payments due within next twelve months in respect of land and buildings		
- Terminating after five years	<u>2,616,935</u>	<u>2,616,935</u>

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

	2014	2013
	£	£
Operating profit	16,329,574	12,516,602
Depreciation and amortisation charges	246,132	169,481
Increase in debtors	(995,974)	(1,254,270)
Increase in creditors	263,025	231,285
Increase in provisions for liabilities and charges	388,232	275,333
Net cash inflow from operating activities	<u><u>16,230,989</u></u>	<u><u>11,938,431</u></u>

18. Analysis of Cash Flows

	2014	2013
	£	£
a) Returns on investments and servicing of finance		
Interest received	<u>430,540</u>	<u>340,565</u>
b) Taxation		
UK corporation tax paid	<u>(119,231)</u>	<u>(113,249)</u>
c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(426,348)	(149,267)
Disposal proceeds of tangible fixed assets	<u>32,403</u>	<u>6,750</u>
	<u>(393,945)</u>	<u>(142,517)</u>
d) Transactions with members and former members		
Drawings and distributions	(9,682,067)	(7,613,144)
Income tax paid on behalf of members	(5,527,495)	(4,724,983)
Capital contributions by members	2,065,761	677,243
Capital repayment to members	<u>(423,952)</u>	<u>(168,825)</u>
	<u><u>(13,567,753)</u></u>	<u><u>(11,829,709)</u></u>

Notes to the Financial Statements
Year ended 31 March 2014

19. Analysis of Changes in Net funds

	At 1 April 2013	Cash flow	At 31 March 2014
Cash at bank	656,716	2,580,600	3,237,316
Net funds	656,716	2,580,600	3,237,316

20. 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.