

Fladgate LLP

Annual Report and Financial Statements

**Year ended
31 March 2022**

Registration No: OC334334

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Members' Report **Year ended 31 March 2022**

The Board is pleased to present its report on behalf of the members of Fladgate LLP and the audited financial statements of the group (or "the firm") for the year ended 31 March 2022.

Firm Structure

Fladgate LLP is a limited liability partnership registered in England and Wales under the Limited Liability Partnership Act 2000.

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.

The financial statements consolidate the accounts of Fladgate LLP and its subsidiary undertakings (the 'Group'), drawn up to 31 March each year.

Principal Activity and Business Review

The firm's principal activity is the provision of legal services in the UK. There have been no significant changes in activities during the year. The impact of Brexit on the firm continues to be closely monitored. 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 and subsequent to the year end, unless otherwise stated, were:

G D Gordon
R M Reuben (Resigned 1/4/21)
S W Lewis
J A Lewis
E S Leonard
D P Robinson
S P Sheth (Appointed 1 April 2021)

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. Further details are provided in note 15.

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.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the limited liability partnership and group in accordance with section 485 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), a resolution proposing that they be re-appointed will be put at a General Meeting.

Members' Report (continued)

Year ended 31 March 2022

Members' Responsibilities Statement

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

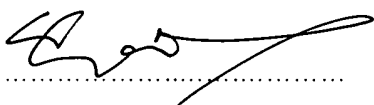
The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Approved by the members and signed on their behalf by:



G D Gordon

Designated Member

29th September 2022

Energy and Carbon Report Year ended 31 March 2022

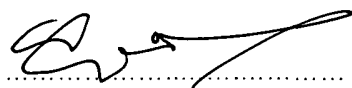
We have reported on all sources of GHG emissions and energy usage as required under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 April 2021 to 31 March 2022		
	UK and offshore	
	2022	2021
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	N/A	N/A
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO ₂ e)	N/A	N/A
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO ₂ e)	164,466 KgCO ₂ e	101,342 KgCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO ₂ e)	N/A	N/A
Total gross CO₂e based on above	164,466 KgCO₂e	101,342 KgCO₂e
Energy consumption used to calculate emissions – kwh	467,817 KWh*	288,263 KWh*
Chosen intensity measurement, e.g. tonnes of CO ₂ e per £m revenue	See below	See below

Fladgate LLP occupies offices in a multi tenanted building. The LLP does not purchase its own heat or power supplies, these are provided by and as a recharge by the managing agents as part of the service charge for the building.

The figure stated above is for electricity consumption for the KWh billed by the building's managing agent directly for separately metered floors for the period 1 April 2021 to 31 March 2022.



G D Gordon

Designated Member

29th September 2022

Independent Auditor's Report to the Members of Fladgate LLP

Opinion

We have audited the financial statements of Fladgate LLP ('the parent limited liability partnership') and its subsidiaries for the year ended 31 March 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Limited Liability Partnership Balance Sheet, the Consolidated Statement of Changes in Members' Interests, the Limited Liability Partnership Statement of Changes in Members' Interests, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Fladgate LLP (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the members' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent limited liability partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

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 by the parent limited liability partnership, 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.

Responsibilities of members

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, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.

Independent Auditor's Report to the Members of Fladgate LLP (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent limited liability partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent limited liability partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and parent limited liability partnership and considered that the most significant are 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, the Limited Liability Partnership's SORP, UK financial reporting standards as issued by the Financial Reporting Council, UK taxation legislation and SRA regulation.
- We obtained an understanding of how the group and parent limited liability partnership complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Independent Auditor's Report to the Members of Fladgate LLP (continued)

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

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 (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken for no purpose other than to draw to the attention of the limited liability partnership's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the limited liability partnership and limited liability partnership's members as a body, for our work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

30th September 2022

John Staniforth (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Fladgate LLP
Consolidated Profit and Loss Account
For the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	67,479,359	51,723,449
Other operating income		472,259	930,529
		<u>67,951,618</u>	<u>52,653,978</u>
Operating expenses	4	(32,537,676)	(26,210,337)
Operating profit		<u>35,413,942</u>	<u>26,443,641</u>
(Loss)/Profit on disposal of fixed assets		(60,173)	216
Net interest receivable	6	<u>77,850</u>	<u>41,111</u>
Profit before taxation		<u>35,431,619</u>	<u>26,484,968</u>
Tax on profit	7	<u>(75,775)</u>	<u>(45,335)</u>
Profit for the financial year available for discretionary division among members		<u><u>35,355,844</u></u>	<u><u>26,439,633</u></u>

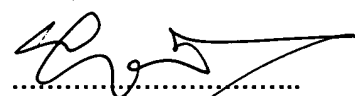
All amounts relate to continuing operations.

There are no items of 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.

Fladgate LLP
Consolidated Balance Sheet
As at 31 March 2022

		2022	2021
	Note	£	£
Fixed assets			
Tangible fixed assets	10	4,357,267	4,824,307
Investments	11	6	5
		<u>4,357,273</u>	<u>4,824,312</u>
Current assets			
Debtors	12	22,308,911	18,350,365
Amounts due from members		27,864,687	20,275,667
Cash at bank and in hand		9,772,865	8,759,856
		<u>59,946,463</u>	<u>47,385,888</u>
Creditors: amounts falling due within one year	13	(6,343,588)	(6,574,015)
		<u>53,602,875</u>	<u>40,811,873</u>
Net current assets			
Total assets less current liabilities		57,960,148	45,636,185
Provision for liabilities	14	(3,104,553)	(3,028,360)
		<u>54,855,595</u>	<u>42,607,825</u>
Net assets attributable to members			
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		8,038,177	7,769,362
Other amounts		11,461,572	8,398,830
		<u>19,499,749</u>	<u>16,168,192</u>
Equity			
Members' other interests – other reserves classified as equity		35,355,844	26,439,633
		<u>54,855,595</u>	<u>42,607,825</u>
Total Members' interests			
Amounts due from members		(27,864,687)	(20,275,667)
Loans and other debts due to members		19,499,749	16,168,192
Members' other interests		35,355,844	26,439,633
		<u>26,990,906</u>	<u>22,332,158</u>

These financial statements of Fladgate LLP (Registered number OC334334) on pages 8 to 24 were approved by the members and signed on their behalf on 29th September 2022 by



G D Gordon

Designated Member



D P Robinson

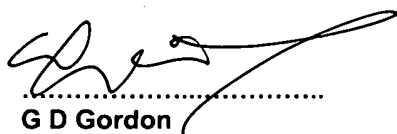
Designated Member

Fladgate LLP
Limited Liability Partnership Balance Sheet
As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible fixed assets	10	4,357,267	4,824,307
Investments	11	250,005	250,004
		<u>4,607,272</u>	<u>5,074,311</u>
Current assets			
Debtors	12	22,206,113	18,205,727
Amounts due from members		27,793,388	20,274,818
Cash at bank and in hand		8,372,337	7,078,778
		<u>58,371,838</u>	<u>45,559,323</u>
Creditors: amounts falling due within one year	13	<u>(5,382,084)</u>	<u>(5,218,887)</u>
Net current assets		<u>52,989,754</u>	<u>40,340,436</u>
Total assets less current liabilities		57,597,026	45,414,747
Provision for liabilities	14	<u>(3,104,553)</u>	<u>(3,028,360)</u>
Net assets attributable to members		<u>54,492,473</u>	<u>42,386,387</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		8,038,177	7,769,362
Other amounts		11,169,684	8,178,241
		<u>19,207,861</u>	<u>15,947,603</u>
Equity			
Members' other interests – other reserves classified as equity		35,284,612	26,438,784
		<u>54,492,473</u>	<u>42,386,387</u>
Total Members' interests			
Amounts due from members		(27,793,388)	(20,274,818)
Loans and other debts due to members		19,207,861	15,947,603
Members' other interests		35,284,612	26,438,784
		<u>26,699,085</u>	<u>22,111,569</u>

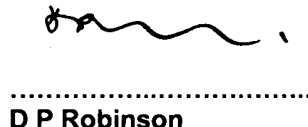
The profit for the financial year attributable to the parent undertaking, Fladgate LLP, was £35,284,612 (2021 - £26,438,784).

These financial statements of Fladgate LLP (Registered number OC334334) on pages 8 to 24 were approved by the members and signed on their behalf on September 2022 by



.....
G D Gordon

Designated Member



.....
D P Robinson

Designated Member

Consolidated statement of changes in members' interests
Year ended 31 March 2022

	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		10,127,050		
Amounts due from members		(25,042,943)		
Members' interests at 31 March 2020	7,449,950	(14,915,893)	29,692,163	22,226,220
Profit for discretionary division among members	-	-	26,439,633	26,439,633
Members' interests after profit for the year	7,449,950	(14,915,893)	56,131,796	48,665,853
Allocation of prior year profit	-	29,692,163	(29,692,163)	-
Capital introduced	1,027,003	-	-	1,027,003
Repayments of capital	(707,591)	-	-	(707,591)
Amounts paid to and on behalf of members	-	(26,653,107)	-	(26,653,107)
Amounts due to members		8,398,830		
Amounts due from members		(20,275,667)		
Members' interests at 31 March 2021	7,769,362	(11,876,837)	26,439,633	22,332,158
Profit for discretionary division among members	-	-	35,355,844	35,355,844
Members' interests after profit for the year	7,769,362	(11,876,837)	61,795,477	57,688,002
Allocation of prior year profit	-	26,439,633	(26,439,633)	-
Capital introduced	725,000	-	-	725,000
Repayments of capital	(456,185)	-	-	(456,185)
Amounts paid to and on behalf of members	-	(30,965,911)	-	(30,965,911)
Amounts due to members		11,461,572		
Amounts due from members		(27,864,687)		
Members' interests at 31 March 2022	8,038,177	(16,403,115)	35,355,844	26,990,906

As permitted by the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018, the LLP has taken the option of presenting the above Reconciliation of Members' Interests as a primary Statement instead of a Statement of Changes in Equity.

Limited Liability Partnership statement of changes in members' interests
Year ended 31 March 2022

	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		9,903,561		
Amounts due from members		(25,053,481)		
Members' interests at 31 March 2020	7,449,950	(15,149,920)	29,706,450	22,006,480
Profit for discretionary division among members	-	-	26,438,784	26,438,784
Members' interests after profit for the year	7,449,950	(15,149,920)	56,145,234	48,445,264
Allocation of prior year profit	-	29,706,450	(29,706,450)	-
Capital introduced	1,027,003	-	-	1,027,003
Repayments of capital	(707,591)	-	-	(707,591)
Amounts paid to and on behalf of members	-	(26,653,107)	-	(26,653,107)
Amounts due to members		8,178,241		
Amounts due from members		(20,274,818)		
Members' interests at 31 March 2021	7,769,362	(12,096,577)	26,438,784	22,111,569
Profit for discretionary division among members	-	-	35,284,612	35,284,612
Members' interests after profit for the year	7,769,362	(12,096,577)	61,723,396	57,396,181
Allocation of prior year profit	-	26,438,784	(26,438,784)	-
Capital introduced	725,000	-	-	725,000
Repayments of capital	(456,185)	-	-	(456,185)
Amounts paid to and on behalf of members	-	(30,965,911)	-	(30,965,911)
Amounts due to members		11,169,684		
Amounts due from members		(27,793,388)		
Members' interests at 31 March 2022	8,038,177	(16,623,704)	35,284,612	26,699,085

As permitted by the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018, the LLP has taken the option of presenting the above Reconciliation of Members' Interests as a primary Statement instead of a Statement of Changes in Equity.

Consolidated Cash Flow Statement
Year ended 31 March 2022

	Note	2022 £	2021 £
Net cash flows from operating activities	18	32,028,777	28,239,809
Cash flows from investing activities			
Purchase of tangible fixed assets		(414,600)	(112,947)
Acquisition of investments		-	-
Disposal proceeds of tangible fixed assets		18,078	5,464
Interest received		77,850	41,111
Net cash flows from investing activities		(318,672)	(66,372)
Transactions with members and former members			
Drawings and distributions		(30,965,911)	(26,653,107)
Capital contributions by members		725,000	1,027,003
Capital repayment to members		(456,185)	(707,591)
Net cash flows from transactions with members and former members		(30,697,096)	(26,333,695)
Net increase in cash and cash equivalents		1,013,009	1,839,742
Cash and cash equivalents at beginning of year		8,759,856	6,920,114
Cash and cash equivalents at end of year		9,772,865	8,759,856

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

Notes to the Financial Statements Year ended 31 March 2022

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 Limited liability partnership incorporated in the United Kingdom and registered in England and Wales under the Limited Liability Partnership Act 2000. 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 Members' report on pages 1 and 2.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued December 2018).

Fladgate LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

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 limited liability partnership operates.

Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value such as listed investments, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and reflect the results for the year ended 31 March 2022. The financial statements consolidate the accounts of Fladgate LLP and all of its subsidiary undertakings (the "firm"), drawn up to 31 March 2022. No individual profit and loss account is prepared for Fladgate LLP, as permitted by Section 408 of the Companies Act 2006.

Going concern

The group has £9,772,865 of cash at bank at 31 March 2022. 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 2022

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.

Interest recognition

Interest represents amounts received in the normal course of business from the firm's banking arrangements or arising from other sources net of amounts paid to clients.

Fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets 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 either the lower of cost and net realisable value or 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 2022

1. Accounting Policies (continued)

Provisions

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.
- (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.

Notes to the Financial Statements Year ended 31 March 2022

1. Accounting Policies (continued)

Financial instruments (continued)

- (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 LLP 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.

Members' interests & Divisible profits and members' remuneration

Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

Divisible profits and members' remuneration

No profits for each year are charged as members' remuneration. All profits are available for discretionary division among the members.

Notes to the Financial Statements

Year ended 31 March 2022

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 1, the members are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

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 having regard to the Group's accounting policy for revenue recognition.

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.

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

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.

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.

3. Segmental Analysis

The Members are of the opinion that the operations of the LLP 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 Members believe it would be seriously prejudicial to the interests of the LLP.

Notes to the Financial Statements
Year ended 31 March 2022

4. Analysis of Operating Expenses

	Note	2022 £	2021 £
Staff costs	5	15,536,132	13,216,342
Depreciation	10	803,389	809,316
Other operating charges		16,198,155	12,184,679
		<u>32,537,676</u>	<u>26,210,337</u>
Operating profit is stated after charging:			
Depreciation:			
- Owned assets		803,389	809,316
Operating lease rentals:			
- Land and buildings		3,647,163	3,711,696
Auditor's remuneration:			
- Fees payable to the groups auditor for the audit of the LLP and subsidiaries annual accounts		46,500	35,000
- Other assurance services		32,450	29,500
- Taxation and compliance services		<u>91,060</u>	<u>84,432</u>

5. Staff and Staff Costs

	2022 No.	2021 No.
The average number of people employed during the year (excluding members) was:		
Fee-earners	97	82
Support staff	106	100
	<u>203</u>	<u>182</u>
	2022 £	2021 £
Staff costs incurred during the year in respect of employees were:		
Salaries (including staff bonus)	12,883,715	11,137,890
Social Security costs	1,522,961	1,190,234
Other pension costs	1,129,456	888,218
Total staff costs	<u>15,536,132</u>	<u>13,216,342</u>

The cost of contributions in respect of employees' personal pension schemes included in the profit and loss account for the year was £1,129,456 (2021 - £888,218). No contributions were outstanding at either year end.

Notes to the Financial Statements
Year ended 31 March 2022

6. Net Interest Receivable

	2022	2021
	£	£
Bank and other interest receivable	<u>77,850</u>	<u>41,111</u>

7. Tax on profit

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

	2022	2021
	£	£
Tax charge for the year		
Current taxation		
United Kingdom corporation tax	<u>(75,775)</u>	<u>(45,335)</u>

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19% (2021: 19%). 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	2022	2021
	£	£
Profit before taxation	<u>35,431,619</u>	<u>26,484,968</u>
Tax on profit at standard rate of 19% (2021: 19%)	(6,732,008)	(5,032,144)
Factors affecting charge for the year:		
Tax on profit subject to self-assessment	<u>6,656,233</u>	<u>4,986,809</u>
Total actual amount of current tax	(75,775)	(45,335)
Adjustment to charge for prior year	<u>-</u>	<u>-</u>
Tax charge for the year	<u>(75,775)</u>	<u>(45,335)</u>

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.

	2022	2021
	No.	No.
Average number of members	<u>85</u>	<u>81</u>

The highest remuneration of a member for the year was £1,666,880 (2021 - £1,151,714).

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 LLP is disclosed on the footnote to the LLP balance sheet.

Notes to the Financial Statements
Year ended 31 March 2022

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 2021	5,460,053	1,084,084	2,526,524	210,063	9,280,724
Additions	69,727	222,828	122,045	-	414,600
Disposals	-	(359,180)	(341,394)	(32,506)	(733,080)
At 31 March 2022	<u>5,529,780</u>	<u>947,732</u>	<u>2,307,175</u>	<u>177,557</u>	<u>8,962,244</u>
<u>DEPRECIATION</u>					
At 1 April 2021	1,336,215	848,589	2,097,477	174,136	4,456,417
Charge for the year	471,675	69,125	254,234	8,355	803,389
Disposals	-	(286,749)	(338,065)	(30,015)	(654,829)
At 31 March 2022	<u>1,807,890</u>	<u>630,965</u>	<u>2,013,646</u>	<u>152,476</u>	<u>4,604,977</u>
<u>NET BOOK VALUE</u>					
At 31 March 2022	<u>3,721,890</u>	<u>316,767</u>	<u>293,529</u>	<u>25,081</u>	<u>4,357,267</u>
At 31 March 2021	<u>4,123,838</u>	<u>235,495</u>	<u>429,047</u>	<u>35,927</u>	<u>4,824,307</u>

11. Investments

Fladgate LLP has investments in the following 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%
Walgate Family Office Ltd *	England and Wales	Family office service	100%
Walgate Governance Ltd	England and Wales	Dormant	100%
Walgate Debt Solutions Ltd*	England and Wales	Debt brokering	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.

	Consolidated		Limited Liability Partnership	
	2022	2021	2022	2021
	£	£	£	£
Fixed asset investments – stated at the lower of cost or NBV	6	5	250,005	250,004

Notes to the Financial Statements

Year ended 31 March 2022

11. Investments (continued)

Walgate Debt Solutions Limited, company number 13448388, was exempt from the requirement to obtain an audit of its individual company accounts by virtue of s479A of the Companies Act 2006. The outstanding liabilities of £64 as at 31 March 2022 have been guaranteed by the limited liability partnership pursuant to s479A to S479C of the Act.

12. Debtors

	Consolidated		Limited Liability Partnership	
	2022	2021	2022	2021
	£	£	£	£
Client debtors	13,307,343	11,094,807	13,267,142	11,094,807
Amounts due from subsidiary	-	-	75,736	-
Unbilled revenue	6,023,215	5,020,110	5,997,711	5,020,110
Other debtors	98,127	104,922	47,000	7,850
Prepayments and accrued income	2,860,118	2,110,418	2,798,416	2,062,852
Listed investment at fair value	20,108	20,108	20,108	20,108
	<u>22,308,911</u>	<u>18,350,365</u>	<u>22,206,113</u>	<u>18,205,727</u>

13. Creditors: Amounts Falling Due Within One Year

	Consolidated		Limited Liability Partnership	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	1,634,588	1,038,381	1,599,701	1,041,695
Amounts owed to subsidiary	-	-	1,572,531	1,398,020
Corporation tax	75,775	45,335	-	-
Social security and other taxes	1,976,976	3,416,870	870,868	1,871,026
Other creditors	371,598	79,609	265,872	-
Accruals and deferred income	2,284,652	1,993,820	1,073,112	908,146
	<u>6,343,589</u>	<u>6,574,015</u>	<u>5,382,084</u>	<u>5,218,887</u>

Amounts owed to subsidiaries are due within one year and no interest is repayable.

14. Provision for Liabilities

Consolidated and Limited Liability Partnership	Provision for dilapidations	Provision for claims	Total
	£	£	£
At 1 April 2021	1,800,000	1,228,360	3,028,360
Charge for the year	-	471,591	471,591
Provision utilised	-	(395,398)	(395,398)
At 31 March 2022	<u>1,800,000</u>	<u>1,304,553</u>	<u>3,104,553</u>

Notes to the Financial Statements Year ended 31 March 2022

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 2022 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 and in the prior year 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 2022 £	2021 £
Group and LLP		
- within one year	4,004,050	4,004,050
- between one and five years	16,016,200	16,016,200
- after five years	10,010,124	14,107,420
	<u>30,030,374</u>	<u>34,127,670</u>

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

	2022 £	2021 £
Operating profit	35,413,942	26,443,641
Adjustment for:		
Depreciation and amortisation charges	803,389	809,316
Taxation	(45,335)	(65,762)
Operating cash flow before movement in working capital	<u>36,171,996</u>	<u>27,187,195</u>
Increase in debtors	(3,958,546)	(1,057,197)
(Decrease)/increase in creditors	(260,866)	2,159,043
Increase/(decrease) in provisions for liabilities and charges	76,193	(49,232)
cash movement		
Cash generated by operations	<u><u>32,028,777</u></u>	<u><u>28,239,809</u></u>

Notes to the Financial Statements
Year ended 31 March 2022

19. Transactions with Related Parties

Fladgate LLP is controlled by its members and as such there is no one controlling party.

The 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 LLP changed its governance structure during the year to include an Executive Board and a Governance Board. The total remuneration for key management personnel in the year was £10,020,958 (2021 previous structure £5,725,883).