

CLUTTONS FLEXIBLE SPACE LLP
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015

Registered Number: OC363375

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CLUTTONS FLEXIBLE SPACE LLP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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CLUTTONS FLEXIBLE SPACE LLP

MEMBERS AND ADVISERS

MEMBERS

J. W. Wood
A. Goldney
Cluttons LLP

REGISTERED OFFICE

Portman House
2 Portman Square
London
W1H 6DU

AUDITORS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

BANKERS

Barclays Bank PLC
One Churchill Place
London
E14 5HP

CLUTTONS FLEXIBLE SPACE LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2015

The members present their report and the audited financial statements for the year ended 31 March 2015.

ACTIVITY

The principal activity of the LLP is chartered surveying.

REVIEW OF BUSINESS

In the opinion of the members the state of the LLP's affairs at 31 March 2015 is satisfactory.

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The profit for the year available for discretionary division among members was £0 (2014: £0).

The group, of which the LLP is a member, incurred a total recognised loss of £18.9m during the year ended 31 March 2015 which includes an actuarial loss of £19.0m in respect of the final salary pension scheme and, at that date, had net liabilities attributable to members of £39.0m, of which £43.9m related to that pension scheme.

The financial statements have been prepared under the going concern basis, which is dependent on the continuing financial and operational support of the parent entity, Cluttons LLP. Cluttons LLP has indicated its intention to continue to provide such support for a period of not less than twelve months from the date of signing of the financial statements. The outcome of the discussions with the pension scheme trustees and the pensions regulator in relation to a revised schedule of contributions is uncertain. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and LLP's ability to continue as a going concern.

The existing bank facilities available to the Group, which are subject to annual renewal, were confirmed last month for a further 12 months. As part of the annual budget exercise the partners have prepared a 24 month cash flow forecast through to 31 March 2018 on normal and 'sensitised' (revenues decreased by 10%) bases incorporating an increased level of contributions to the Scheme. These forecasts indicate that the Group can operate within the confirmed bank facilities for at least that period. Accordingly, the members have prepared these financial statements on a going concern basis, although as discussed further in note 1 to the financial statements, recognise that there is a material uncertainty in this regard.

MEMBERS

The following were members of the LLP during the year:

J. W. Wood
A. Goldney
Cluttons LLP

All members are designated members of the LLP.

MEMBERS' DRAWINGS POLICY

The policies of the LLP regarding the allocation of profits to members, interim drawings and the subscription and the repayment of members' capital are disclosed in the accounting policies.

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires 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

CLUTTONS FLEXIBLE SPACE LLP

MEMBERS' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2015

STATEMENT OF MEMBERS' RESPONSIBILITIES (CONTINUED)

Kingdom Accounting Standards and applicable laws). Under company law the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the LLP 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the members' transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

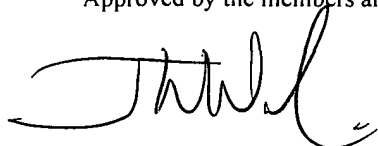
The members confirm that:

- so far as they are aware, there is no relevant audit information of which the auditor is unaware; and
- they have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Grant Thornton UK LLP have informed us that they will not seek reappointment as auditor.

Approved by the members and signed on their behalf by:



J. W. Wood
Designated Member

Date: 13 June 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLUTTONS FLEXIBLE SPACE LLP

We have audited the financial statements of Cluttons Flexible Space LLP (the "LLP") for the year ended 31 March 2015 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied 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 LLP's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2015 and of its result 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, under the heading 'Going concern', concerning the LLP's ability to continue as a going concern.

The group, of which the LLP is a member, incurred a total recognised loss of £18.9m during the year ended 31 March 2015 which includes an actuarial loss of £19.0m in respect of the final salary pension scheme and, at that date, had net liabilities attributable to members of £39.0m, of which £43.9m related to that pension scheme.

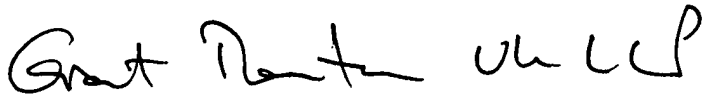
The outcome of the discussions with the pension scheme trustees and the pensions regulator in relation to a revised schedule of contributions is uncertain. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and LLP's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and LLP were unable to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLUTTONS FLEXIBLE SPACE 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 as applied to limited liability partnerships 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;
- the financial statements are not in agreement with the accounting records and returns;
- we have not received all the information and explanations we require for our audit.



Peter Gamson, Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London
13 June 2016

CLUTTONS FLEXIBLE SPACE LLP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

		2015	2014
	Notes	£	£
Turnover	1	68,118	78,349
Administrative expenses		(15,003)	(8,383)
OPERATING PROFIT	3	<u>53,115</u>	<u>69,966</u>
Members' remuneration charged as an expense	2	(53,115)	(69,966)
PROFIT FOR THE PERIOD AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	5	<u>-</u>	<u>-</u>

All of the LLP's operations are classed as continuing.

There were no gains or losses in the period other than that included in the above profit and loss account.

The notes on pages 8 to 10 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015		2014	
		£	£	£	£
CURRENT ASSETS					
Debtors	4	160		2,260	
Cash at bank and in hand		-		-	
		<u>160</u>		<u>2,260</u>	
CREDITORS: amounts falling due within one year		-		-	
NET CURRENT ASSETS			160		2,260
NET ASSETS ATTRIBUTABLE TO MEMBERS			<u>160</u>		<u>2,260</u>
REPRESENTED BY:					
Loans and other debts due to members					
Members' capital classified as a liability	5	-		-	
Other amounts	5		160		2,260
			<u>160</u>		<u>2,260</u>
MEMORANDUM OF MEMBERS' TOTAL INTERESTS					
Loans and other debts due to members – other amounts	5		160		2,260
Members' capital classified as a liability	5		-		-
			<u>160</u>		<u>2,260</u>

The financial statements were approved by the members on 13 June 2016 and were signed on their behalf by:



J. W. Wood
Designated Member

The notes on pages 8 to 10 form part of these financial statements.

CLUTTONS FLEXIBLE SPACE LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (UK GAAP) and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' 2006. A summary of the accounting policies adopted by the LLP are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared under the going concern basis, which is dependent on the continuing financial and operational support of the parent entity, Cluttons LLP. Cluttons LLP has indicated its intention to continue to provide such support for a period of not less than twelve months from the date of signing of the financial statements.

The consolidated results of the Cluttons LLP for the year ended 31 March 2015 were adversely affected by the downturn in the central London residential agency business in the second half of the financial year. The reduction in profits coupled with the continued investment in new teams, offices and geographical expansion resulted in net debt increasing from £0.65m at the start of the year to £3.22m at 31 March 2015, although remaining well within existing bank facilities. There has been an improvement in the overall performance of the business and, in particular, the residential agency business, in the financial year to 31 March 2016 with unaudited figures showing increased turnover and operating profit. This together with lower capital investment in the year has resulted in net debt reducing from £3.22m at the start of the year to an unaudited figure of £0.5m at 31 March 2016.

The deficit on the closed defined benefit pension scheme calculated on an FRS17 basis for inclusion in the accounts has increased significantly from £25.6m at 31 March 2014 to £43.9m at 31 March 2015. Whilst the scheme has been in deficit for many years the reappraisal of the assumptions underlying the valuation of scheme liabilities, including the key assumption on the discount rate, resulted in scheme liabilities increasing by over £22.4m from the previous valuation which has dwarfed the £4.1m increase in scheme assets over the same period. We have recently received the valuation of the scheme for inclusion in the accounts for the year ended 31 March 2016 (now under FRS102) which has resulted in a modest reduction in the deficit to £42.9m.

There is an actuarial valuation of the pension scheme every 3 years which is on a different basis to that required under accounting standards. The last valuation took place in 2013 with an effective valuation date of 1 August 2012 and reported a deficit of £37,911,000. The valuation report submitted to the Pensions Regulator in October 2013 included a 20 year recovery plan agreed between the firm and the scheme trustees. Under this recovery plan the firm currently pays a regular monthly contribution, which increases annually at the rate of approximately 4% pa through to 2033, plus a 'ghost partner' share of profits. The total cash contribution for the year ended 31 March 2016 was £1,363,375. The next triennial valuation of the scheme is being carried out with an effective valuation date of 1 August 2015 and has yet to be finalised. Preliminary results of the valuation indicate that the deficit has increased from £37,911,000 at 1 August 2012 to approximately £65m as at 1 August 2015. Once the valuation has been finalised the firm and the trustees will need to agree on the length of the new recovery plan and the level of deficit repair contributions. The valuation including the agreed recovery plan is required to be submitted to the Pensions Regulator by 31 October 2016. The trustees have confirmed to the firm that any increase in contributions above the levels in the current recovery plan will only be agreed on the basis that they are affordable by the Cluttons LLP recognising that it is not in the long term interest of the scheme to damage or de-stabilise the business nor to hamper its growth. This is consistent with the Pensions Regulator's latest annual funding statement.

The existing bank facilities available to the Cluttons LLP, which are subject to annual renewal, were confirmed last month for a further 12 months. As part of the annual budget exercise the partners have prepared a 24 month cash flow forecast through to 31 March 2018 on normal and 'sensitised' (revenues decreased by 10%) bases incorporating an increased level of contributions to the scheme. These forecasts indicate that the firm can operate within the confirmed bank facilities for at least that period. Accordingly, the members have concluded that it is

CLUTTONS FLEXIBLE SPACE LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Accounting policies (continued)

(d) Going concern (continued)

appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from a withdrawal of such support.

The pension scheme liability is very long term with an average term in excess of 20 years and the existing recovery plan covers a period until July 2033. The volatility of the group's earnings and cash flows beyond the forecast period together with the inevitable global political and economic uncertainties affecting its markets through the duration of any recovery plan, gives rise to a material uncertainty which may cast significant doubt on the group's, Cluttons LLP's and this LLP's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Consequently the firm is also in discussion with the Pensions Regulator as to alternatives for the pension scheme including a negotiated settlement.

Cash flow statement

The LLP has taken advantage of the provision in Financial Reporting Standard No.1 applicable to small partnerships and has not prepared a cash flow statement.

Allocation of profits and losses

Per the LLP Agreement, the profit for the period is automatically allocated to the members and is shown in the Profit and Loss Account as Members' remuneration charged as an expense.

Turnover

Turnover, which excludes value added tax, represents the value of services provided.

Taxation

Members are personally liable for taxation on their share of the LLP profits. Consequently no reserve for taxation is made in these financial statements.

Capital

The capital requirements of the LLP are determined from time to time by the members. Each member is required to subscribe to a proportion of this capital. No interest is paid on this capital. It is repayable in installments upon departure.

Members' drawings

Each member may draw on account of his share of profits such sum as the Members may determine from time to time.

2. INFORMATION IN RELATION TO MEMBERS

	2015	2014
	£	£
Members' remuneration charged as an expense	<u>53,115</u>	<u>69,966</u>

The average number of members during the period was 3 (2014: 3).

The entire profit for the year was allocated to Cluttons LLP, a Designated Member.

CLUTTONS FLEXIBLE SPACE LLP

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

3. OPERATING PROFIT

	2015 £	2014 £
Operating profit is stated after charging		
Auditors' remuneration	-	-
The audit fee will be borne by the immediate parent on behalf of the LLP.		

4. DEBTORS

	2015 £	2014 £
Trade debtors	160	2,260

5. RECONCILIATION OF MEMBERS' INTERESTS

	Members' capital classified as a liability £	Loans and other debts due to members £	Total 2015 £	Total 2014 £
Members' interests as at 1 April 2014	-	2,260	2,260	42,809
Members' remuneration charged as an expense	-	53,115	53,115	69,966
Members' interests after profit for the period	-	55,375	55,375	112,775
Expenses borne by members on behalf of the LLP	-	-	-	-
Drawings	-	(55,215)	(55,215)	(110,515)
Members' interests at 31 March 2015	-	160	160	2,260

6. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed elsewhere in the accounts.

7. CONTROLLING PARTY

The ultimate parent undertaking is Cluttons LLP. In the opinion of the members, there is no one ultimate controlling party of Cluttons LLP with the members in aggregate being the controlling party.

The largest and smallest group of undertakings for which group accounts have been prepared, including the LLP, is that headed by Cluttons LLP.