

FAULKNERBROWNS LLP

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2021

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	181,121	232,283
Investments	6	3	3
		<u>181,124</u>	<u>232,286</u>
Current assets			
Debtors: amounts falling due after more than one year	7	84,911	58,317
Debtors: amounts falling due within one year	7	3,537,376	2,835,702
Cash at bank and in hand	8	1,551,916	1,016,943
		<u>5,174,203</u>	<u>3,910,962</u>
Creditors: Amounts Falling Due Within One Year	9	(2,480,339)	(2,334,807)
Net current assets		<u>2,693,864</u>	<u>1,576,155</u>
Total assets less current liabilities		<u>2,874,988</u>	<u>1,808,441</u>
Creditors: amounts falling due after more than one year	10	(73,799)	(105,656)
		<u>2,801,189</u>	<u>1,702,785</u>
Net assets		<u><u>2,801,189</u></u>	<u><u>1,702,785</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Represented by:			
Loans and other debts due to members within one year			
Other amounts	13	1,961,189	862,785
		<u>1,961,189</u>	<u>862,785</u>
Members' other interests			
Members' capital classified as equity	840,000	840,000	840,000
		<u>840,000</u>	<u>840,000</u>
		<u>2,801,189</u>	<u>1,702,785</u>
Total members' interests			
Loans and other debts due to members	13	1,961,189	862,785
Members' other interests		840,000	840,000
		<u>840,000</u>	<u>840,000</u>
		<u>2,801,189</u>	<u>1,702,785</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

The entity has opted not to file the statement of comprehensive income in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 20 January 2022.

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B M Sykes

Designated member

The notes on pages 3 to 13 form part of these financial statements.

Faulknerbrowns LLP has no equity and, in accordance with the provisions contained within the Statement of Recommended Practice "Accounting by Limited Liability Partnerships", has not presented a Statement of Changes in Equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

Faulknerbrowns LLP is a Limited Liability Partnership registered in England and Wales, registration number OC386918. The registered office is Dobson House, Northumbrian Way, Killingworth, Newcastle upon Tyne, Tyne & Wear, NE12 6QW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The firm had net assets of £2,801,189 as at 31 March 2021.

The Members have prepared cash flow forecasts covering a period of 14 months from the date of the approval of these financial statements which indicate that, the LLP will have sufficient funds to meet its liabilities as they fall due for that period.

The LLP is financed through the capital introduced by the members, bank loans and by profits retained within the business. The LLP has facilities with the bank which are renewed annually to provide working capital.

Where appropriate, the firm will negotiate additional finance to assist in capital expenditure projects.

The annual budgets and forecasts take account of the expected changes in the trading performance due to the COVID-19 risk and inherent uncertainty around the impact of the pandemic on the UK society and economy. These budgets and forecasts demonstrate that the LLP expects to be able to operate within its current facilities.

The Members having assessed the risk to the firm and concluded that it is not significantly exposed and it is well placed to continue to operate and manage the situation.

Consequently, the members are confident they will have sufficient funds to continue to meet liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the LLP will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.5 Operating leases: the LLP as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The LLP operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the LLP in independently administered funds.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Long-term leasehold property	- 10% straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 10%/20% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted LLP shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.13 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

4. Employees

The average monthly number of employees, including directors, during the year was 101 (2020 - 108).

5. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2020	249,895	103,801	739,138	640,155	1,732,989
Additions	-	-	25,428	21,202	46,630
Disposals	-	-	-	(156,168)	(156,168)
At 31 March 2021	249,895	103,801	764,566	505,189	1,623,451
Depreciation					
At 1 April 2020	249,895	23,479	681,220	546,112	1,500,706
Charge for the year on owned assets	-	-	8,641	68,877	77,518
Charge for the year on financed assets	-	20,274	-	-	20,274
Disposals	-	-	-	(156,168)	(156,168)
At 31 March 2021	249,895	43,753	689,861	458,821	1,442,330
Net book value					
At 31 March 2021	-	60,048	74,705	46,368	181,121
At 31 March 2020	-	80,322	57,918	94,043	232,283

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Fixed asset investments

	Investments in associates £
Cost or valuation	
At 1 April 2020	3
	<hr/>
At 31 March 2021	3
	<hr/> <hr/>

7. Debtors

	2021 £	2020 £
Due after more than one year		
Due from participating interests	84,911	58,317
	<hr/>	<hr/>
	84,911	58,317
	<hr/> <hr/>	<hr/> <hr/>
	2021 £	2020 £
Due within one year		
Trade debtors	2,137,047	1,870,465
Other debtors	70,951	18,786
Prepayments and accrued income	161,540	223,527
Amounts recoverable on long term contracts	1,167,838	722,924
	<hr/>	<hr/>
	3,537,376	2,835,702
	<hr/> <hr/>	<hr/> <hr/>

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,551,916	1,016,943
	<hr/>	<hr/>
	1,551,916	1,016,943
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	30,488	29,489
Payments received on account	1,184,295	1,202,217
Trade creditors	275,565	170,278
Other taxation and social security	451,824	508,922
Obligations under finance lease and hire purchase contracts	3,213	19,772
Other creditors	235,500	274,994
Accruals and deferred income	299,454	129,135
	<u>2,480,339</u>	<u>2,334,807</u>

The following liabilities were secured:

Details of security provided:

Bank loans are secured by a debenture dated 12 May 2014.

Hire purchase creditors are secured on the assets to which they relate.

10. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	73,799	103,518
Net obligations under finance leases and hire purchase contracts	-	2,138
	<u>73,799</u>	<u>105,656</u>

The following liabilities were secured:

Details of security provided:

Bank loans are secured by a debenture dated 12 May 2014.

Hire purchase creditors are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	30,488	29,489
	<u>30,488</u>	<u>29,489</u>
Amounts falling due 1-2 years		
Bank loans	31,509	30,488
	<u>31,509</u>	<u>30,488</u>
Amounts falling due 2-5 years		
Bank loans	42,290	73,031
	<u>42,290</u>	<u>73,031</u>
	<u>104,287</u>	<u>133,008</u>

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	2,138	19,772
Between 1-5 years	-	2,138
	<u>2,138</u>	<u>21,910</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Loans and other debts due to members

	2021 £	2020 £
Other amounts due to members	(1,961,189)	(862,785)
	<u>(1,961,189)</u>	<u>(862,785)</u>

Loans and other debts due to members may be further analysed as follows:

	2021 £	2020 £
Falling due within one year	(1,961,189)	(862,785)
	<u>(1,961,189)</u>	<u>(862,785)</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

14. Pension commitments

The entity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the entity in an independently administered fund. The pension cost charge represents contributions payable by the entity to the fund and amounted to £217,984 (2020 - £305,699). Contributions totalling £41,135 (2020 - £30,385) were payable to the fund at the balance sheet date.

15. Commitments under operating leases

At 31 March 2021 the LLP had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	181,845	191,084
Later than 1 year and not later than 5 years	639,937	612,862
Later than 5 years	645,662	794,662
	<u>1,467,444</u>	<u>1,598,608</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Related party transactions

FaulknerBrowns Architecture inc. has been identified as a related party due to FaulknerBrowns LLP's investment in this associate.

During the year, FaulknerBrowns LLP received income of £27,269 (2020 - £25,977), and made purchases of £70,349 (2020 - £57,146), from FaulknerBrowns Architecture Inc.

There was £9,806 (2020 - £nil) owed by FaulknerBrowns Architecture Inc. at the year end and £794 (2020 - £nil) owed FaulknerBrowns Architecture Inc. at the year end in regard to these transactions which took place in the year to 31st March 2021.

FaulknerBrowns LLP also entered into a loan agreement with FaulknerBrowns Architecture Inc. with £84,911 due to FaulknerBrowns LLP at the year end (2020 - £58,317), recognised in debtors due after more than one year.

The total value of the loan to FaulknerBrowns Architecture Inc. is \$240,000 CAD, with a further \$100,000 CAD to be drawn down by the borrower over the term of the loan. As at 31st March 2021, \$140,000 CAD had been drawn down by FaulknerBrowns Architecture Inc. from FaulknerBrowns LLP.

17. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2021 was unqualified.

The audit report was signed on 20 January 2022 by Grahame Maughan (Senior Statutory Auditor) on behalf of Ryecroft Glenton.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.