

LLP REGISTRATION NUMBER OC311575

PENNINGTONS MANCHES LLP

FINANCIAL STATEMENTS

5 APRIL 2015



PENNINGTONS MANCHES LLP

FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

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PENNINGTONS MANCHES LLP

DESIGNATED MEMBERS AND ADVISORS

DESIGNATED MEMBERS

G Bosi
J D Heuvel
L J Lintott (resigned 6 April 2015)
P D P McElligott
T M Palmer
D J Raine

REGISTERED OFFICE

125 Wood Street
London
EC2V 7AW

AUDITOR

Menzies LLP
Chartered Accountants
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

BANKERS

Allied Irish Bank
26 Finsbury Square
London
EC2A 1DS

PENNINGTONS MANCHES LLP

THE REPORT OF THE MEMBERS

YEAR ENDED 5 APRIL 2015

The members have pleasure in presenting their report and the financial statements of the group for the year ended 5 April 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Limited Liability Partnership (LLP) and its subsidiary entities is that of a London and South East law firm with offices in the City of London, Basingstoke, Guildford, Cambridge, Oxford and Reading.

BUSINESS REVIEW

Following the fast-paced activity of autumn 2013, when Penningtons joined forces with Manches, 2014-15 saw a period of consolidation and steady growth across the combined practice. As Penningtons Manches, the firm has boosted its client offering in its core commercial practice areas and heightened its capability in key sectors such as technology, real estate and international wealth. Opportunities throughout the year to advise on a series of milestone projects, transactions and cases, either in terms of scale or complexity, were accompanied by a succession of awards and accolades for both practice area teams and lawyers on an individual level. As plans were finalised to move to enhanced and more spacious office accommodation in London and Guildford, there was also an increased focus on Penningtons Manches' international capability, most notably through the extension of ties with clients and contacts in San Francisco and the Silicon Valley.

RESULTS

The profit for the year available for distribution to members was £21,173,226 (2014 - £14,816,767).

DESIGNATED MEMBERS

The following were designated members of the LLP during the year:

G Bosi
J D Heuvel
L J Lintott
P D P McElligott
T M Palmer
D J Raine

L J Lintott resigned as a member on 6 April 2015.

GOING CONCERN

The members have a reasonable expectation that the group has adequate resources to continue operational existence for the foreseeable future. For this reason the members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

POLICY WITH RESPECT TO MEMBERS' DRAWINGS AND SUBSCRIPTION AND REPAYMENTS OF AMOUNTS SUBSCRIBED OR OTHERWISE CONTRIBUTED BY MEMBERS

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP.

New members are required to subscribe a minimum level of capital and in subsequent years members are invited to subscribe for further capital, the amounts of which is determined by the performance and seniority of those members. On retirement, capital is repaid to members.

BRANCHES OUTSIDE THE UK

The firm has an insurance company, called Penningtons Insurance Limited, incorporated in Guernsey.

The principal activity of Penningtons Insurance Limited is that of underwriting a professional indemnity insurance policy for Penningtons Manches LLP.

RESPONSIBILITIES OF THE MEMBERS

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

Company law as applied to limited liability partnerships 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 Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships 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 of the LLP and the group and of the profit or loss of the group for that year.

PENNINGTONS MANCHES LLP

THE REPORT OF THE MEMBERS

YEAR ENDED 5 APRIL 2015

In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) 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.

Each of the persons who is a member at the date of approval of this report confirm that:

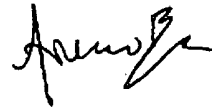
- in so far as the members are aware, there is no relevant audit information of which the group's auditor is unaware; and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that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

Registered office:
125 Wood Street
London
EC2V 7AW

Signed on behalf of the members



D. J. Raine
Designated member



G Bosi
Designated member

Approved by the members on 10 October 2015

PENNINGTONS MANCHES LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENNINGTONS MANCHES LLP

YEAR ENDED 5 APRIL 2015

We have audited the group and parent limited liability partnership financial statements of Penningtons Manches LLP for the year ended 5 April 2015 on pages 5 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 AUDITOR

As explained more fully in the Members' Responsibilities Statement set out on page 2 and 3, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent limited liability partnership's affairs as at 5 April 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Menzies UK

PETER NOYCE FCA (Senior Statutory Auditor)
For and on behalf of MENZIES LLP
Chartered Accountants
& Statutory Auditor

Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

23 December 2015

PENNINGTONS MANCHES LLP

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 5 APRIL 2015

	Note	2015 £	2014 £
GROUP TURNOVER	2	57,792,273	46,533,179
Administrative expenses		36,889,427	31,785,268
OPERATING PROFIT	3	20,902,846	14,747,911
Loss on disposal of fixed asset investments	6	(17,824)	–
		20,885,022	14,747,911
Income from fixed asset investments	7	2,291	2,690
Interest receivable		663,683	780,525
Interest payable and similar charges	8	(377,753)	(512,602)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		21,173,243	15,018,524
Tax on profit on ordinary activities	9	17	201,757
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		21,173,226	14,816,767
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		21,173,226	14,816,767
Members' remuneration charged as an expense		(16,968,434)	(11,588,684)
PROFIT FOR THE YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		4,204,792	3,228,083

All of the activities of the group are classed as continuing.

The LLP has taken advantage of section 408 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, not to publish its own Profit and Loss Account.

The notes on pages 10 to 20 form part of these financial statements.

PENNINGTONS MANCHES LLP

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 5 APRIL 2015

	2015	2014
	£	£
Profit for the financial year attributable to the members of the parent LLP	21,173,226	14,816,767
Movement on revaluation	<u>(371,904)</u>	<u>226,542</u>
Total gains and losses recognised since the last annual report	<u><u>20,801,322</u></u>	<u><u>15,043,309</u></u>

The notes on pages 10 to 20 form part of these financial statements.

PENNINGTONS MANCHES LLP

GROUP BALANCE SHEET

5 APRIL 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	10	1,767,251	3,469,267
CURRENT ASSETS			
Work in progress	12	2,480,339	2,776,021
Debtors	13	33,965,856	29,718,685
Cash at bank		577,050	694,617
		<u>37,023,245</u>	<u>33,189,323</u>
CREDITORS: Amounts falling due within one year	14	<u>17,177,201</u>	<u>23,117,139</u>
NET CURRENT ASSETS		19,846,044	10,072,184
TOTAL ASSETS LESS CURRENT LIABILITIES		21,613,295	13,541,451
CREDITORS: Amounts falling due after more than one year	15	2,676,304	823,789
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>18,936,991</u>	<u>12,717,662</u>
REPRESENTED BY:			
Loans and other debts due to members			
Members' capital classified as a liability under FRS 25	20	9,895,000	6,485,017
Other amounts	20	4,435,588	2,829,493
		<u>14,330,588</u>	<u>9,314,510</u>
Members' other interests			
Members' other interests – other reserves classified as equity		4,606,403	3,403,152
		<u>18,936,991</u>	<u>12,717,662</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	20	14,330,588	9,314,510
Members' other interests	20	4,606,403	3,403,152
Amounts due from members	13	(57,875)	(117,788)
		<u>18,879,116</u>	<u>12,599,874</u>

These financial statements were approved by the members and authorised for issue on 10 October 2015, and are signed on their behalf by:



D. Raine
Designated member



G. Bosi
Designated member

LLP Registration Number: OC311575

The notes on pages 10 to 20 form part of these financial statements.

PENNINGTONS MANCHES LLP

LLP BALANCE SHEET

5 APRIL 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Tangible assets	10	1,767,251	3,469,267
Investments	11	379,712	661,623
		<u>2,146,963</u>	<u>4,130,890</u>
CURRENT ASSETS			
Work in progress	12	2,480,339	2,776,021
Debtors	13	33,694,590	29,405,090
Cash at bank		151,474	20,034
		<u>36,326,403</u>	<u>32,201,145</u>
CREDITORS: Amounts falling due within one year	14	<u>17,456,514</u>	<u>23,370,223</u>
NET CURRENT ASSETS		<u>18,869,889</u>	<u>8,830,922</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,016,852</u>	<u>12,961,812</u>
CREDITORS: Amounts falling due after more than one year	15	<u>2,081,290</u>	<u>244,157</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>18,935,562</u>	<u>12,717,655</u>
REPRESENTED BY:			
Loans and other debts due to members			
Members' capital classified as a liability under FRS 25	21	9,895,000	6,485,017
Other amounts	21	4,435,588	2,829,486
		<u>14,330,588</u>	<u>9,314,503</u>
Members' other interests			
Members' other interests – other reserves and revaluation reserve classified as equity		4,604,974	3,403,152
		<u>18,935,562</u>	<u>12,717,655</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debts due to members	21	14,330,588	9,314,503
Members' other interests	21	4,604,974	3,403,152
Amounts due from members	13	(57,875)	(117,788)
		<u>18,877,687</u>	<u>12,599,867</u>

These financial statements were approved by the members and authorised for issue on 10 October 2015, and are signed on their behalf by:



Dr Raine
Designated member



G Bosi
Designated member

Company Registration Number: OC311575

The notes on pages 10 to 20 form part of these financial statements.

PENNINGTONS MANCHES LLP

GROUP CASH FLOW STATEMENT

YEAR ENDED 5 APRIL 2015

		2015	2014
	Note	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	17,152,427	8,363,914
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	288,221	270,613
TAXATION	24	(201,698)	—
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	1,018,589	(1,376,450)
TRANSACTIONS WITH MEMBERS AND FORMER MEMBERS	26	(14,757,856)	(13,018,145)
CASH INFLOW BEFORE FINANCING		<u>3,499,683</u>	<u>(5,760,068)</u>
FINANCING	27	1,740,212	(1,429,865)
INCREASE / (DECREASE) IN CASH	29	<u>5,239,895</u>	<u>(7,189,933)</u>

The notes on pages 10 to 20 form part of these financial statements.

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable UK accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' issued in March 2010 (SORP 2010).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the LLP and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent LLP is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services provided during the year in the normal course of business, net of VAT and other sales and related taxes.

Revenue has been recognised in accordance with Financial Reporting Standard 5 - Reporting the Substance of Transactions: Application note G - Revenue Recognition. Income is recognised when the LLP has performed services in accordance with the agreement with the relevant client and has obtained a right to consideration for those services. Where such income has not been billed at the balance sheet date, it is included as accrued income.

Fixed assets

All fixed assets are initially recorded at cost.

Investments

Unquoted investments are stated at cost or estimated market value.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line for property, 20% for improvements
Leasehold Property	- over remaining period of the lease
Computer equipment & software	- 20% or 33.3% straight line depending on expected useful life
Fixtures & Fittings	- 20% straight line
Motor Vehicles	- 20% straight line
Equipment	- 20% straight line

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

1. ACCOUNTING POLICIES *(continued)*

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

Taxation

Members are personally liable for taxation on their share of the LLP's profits. Consequently, no reserve for taxation is made in these financial statements and the profits are shown within the members' interests or as Loans and other debts due to Members, without any deduction for tax.

The companies dealt with in the consolidated financial statements are subject to corporation tax based on their profits for the accounting period. Tax and any deferred taxation of these companies are recorded in the profit and loss account under the relevant heading and any related balances are carried as tax payable or receivable in the balance sheet.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are dealt with in the profit and loss account.

Pensions

The LLP makes contributions to a stakeholder pension plan, which is a defined contribution pension scheme. Amounts are charged to the profit and loss account as incurred, representing the contributions payable by the LLP for the accounting period.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	52,000,218	42,670,925
Europe	2,232,899	1,414,609
North America	1,501,405	907,397
Asia	754,003	511,865
Rest of World	1,303,748	1,028,383
	<u>57,792,273</u>	<u>46,533,179</u>

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of owned fixed assets	717,731	679,856
Depreciation of assets held under hire purchase agreements	50,856	39,559
(Profit) / Loss on disposal of fixed assets	(102,984)	708
Auditor's remuneration		
- as auditor	27,500	27,050
- taxation	5,200	5,000
- for other services	17,500	17,100
- for subsidiary	8,000	7,950
Operating lease costs:		
- Other	2,364,044	1,982,798

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group excluding members during the financial year amounted to:

	2015 No	2014 No
Administrative staff	266	217
Client Service staff	221	174
	<u>487</u>	<u>391</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	18,724,062	16,127,950
Social security costs	1,929,221	1,637,792
Other pension costs	1,432,540	1,014,985
	<u>22,085,823</u>	<u>18,780,727</u>

5. INFORMATION IN RELATION TO THE MEMBERS

	2015 £	2014 £
Highest paid members remuneration	<u>366,051</u>	<u>284,343</u>
	2015 No	2014 No
The average number of members during the year was	<u>115</u>	<u>87</u>

6. LOSS ON DISPOSAL OF FIXED ASSET INVESTMENTS

	2015 £	2014 £
Loss on disposal of fixed asset investments	<u>(17,824)</u>	<u>-</u>

7. INCOME FROM FIXED ASSET INVESTMENTS

	2015 £	2014 £
Income from other fixed asset investments	<u>2,291</u>	<u>2,690</u>

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Interest payable on bank borrowing	285,006	309,368
Finance charges	10,179	27,932
Interest receivable passed onto clients	82,568	175,302
	<u>377,753</u>	<u>512,602</u>

9. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2015 £	2014 £
Current tax:		
Corporation tax based on the results for the year at 20% (2014 - 22.47%)	17	201,757
Total current tax	<u>17</u>	<u>201,757</u>

10. TANGIBLE FIXED ASSETS

Group and LLP	Freehold Property £	Leasehold Property £	Fixtures and fittings £	Computer equipment and software £	Motor vehicles £	Library £	Office equipment £	Total £
COST								
At								
6 Apr 2014	2,358,540	1,475,167	308,336	5,506,509	17,000	15,000	2,345,997	12,026,549
Additions	9,479	129,684	-	566,339	-	-	34,944	740,446
Disposals	(2,368,019)	-	-	-	(17,000)	-	-	(2,385,019)
At								
5 Apr 2015	<u>-</u>	<u>1,604,851</u>	<u>308,336</u>	<u>6,072,848</u>	<u>-</u>	<u>15,000</u>	<u>2,380,941</u>	<u>10,381,976</u>
DEPRECIATION								
At								
6 Apr 2014	664,167	953,681	308,336	4,600,400	9,633	-	2,021,065	8,557,282
Charge for the year	34,227	250,801	-	371,994	3,117	-	108,448	768,587
On disposals	(698,394)	-	-	-	(12,750)	-	-	(711,144)
At								
5 Apr 2015	<u>-</u>	<u>1,204,482</u>	<u>308,336</u>	<u>4,972,394</u>	<u>-</u>	<u>-</u>	<u>2,129,513</u>	<u>8,614,725</u>
NET BOOK VALUE								
At								
5 Apr 2015	<u>-</u>	<u>400,369</u>	<u>-</u>	<u>1,100,454</u>	<u>-</u>	<u>15,000</u>	<u>251,428</u>	<u>1,767,251</u>
At								
5 Apr 2014	<u>1,694,373</u>	<u>521,486</u>	<u>-</u>	<u>906,109</u>	<u>7,367</u>	<u>15,000</u>	<u>324,932</u>	<u>3,469,267</u>

Hire purchase agreements

Included within the net book value of £1,767,251 is £163,863 (2014 - £214,719) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £50,856 (2014 - £39,559).

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

11. INVESTMENTS

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
All held by the LLP:				
Penningtons (Legal Services) Limited	England	Ordinary shares	100%	Dormant
Penningtons Manches (Legal Services) Limited	England	Ordinary shares	100%	Dormant
Penningtons Directors (No 1) Limited	England	Ordinary shares	100%	Dormant
Penningtons Solicitors Limited	England	Ordinary shares	100%	Dormant
Pennsec Limited	England	Ordinary shares	100%	Dormant
WMSS Limited	England	Ordinary shares	100%	Dormant
Penntrust Limited	England	Ordinary shares	100%	Trading
Penningtons Insurance Limited	Guernsey	Ordinary shares	100%	Trading

None of the above dormant companies have been audited.

LLP

Group
companies
£

COST OR VALUATION

At 6 April 2014	661,623
Additions	90,000
Disposals	(7)
Revaluations	(371,904)

At 5 April 2015	379,712
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NET BOOK VALUE

At 5 April 2015	379,712
At 5 April 2014	661,623

Whilst not a direct investment, Penningtons Manches (US) LLP, a limited liability partnership incorporated in England, by virtue of control, is consolidated into these financial statements.

12. WORK IN PROGRESS

	Group		LLP	
	2015	2014	2015	2014
	£	£	£	£
Work in progress	2,480,339	2,776,021	2,480,339	2,776,021

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

13. DEBTORS

	Group		LLP	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	17,792,793	16,618,765	17,561,793	16,387,765
Amounts recoverable on contracts	13,042,530	10,110,795	13,042,530	10,110,795
Other debtors	221,724	317,754	202,225	249,784
Prepayments and accrued income	2,850,934	2,553,583	2,830,167	2,538,958
Amounts due from members	57,875	117,788	57,875	117,788
	<u>33,965,856</u>	<u>29,718,685</u>	<u>33,694,590</u>	<u>29,405,090</u>

Other debtors include £11,986 due from former members (2014 - £49,246).

14. CREDITORS: Amounts falling due within one year

	Group		LLP	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	8,073,518	13,530,393	8,073,518	13,530,393
Trade creditors	3,232,167	2,891,170	3,213,157	2,872,094
Amounts owed to group undertakings	—	—	183,142	953,888
Hire purchase agreements	64,194	61,697	64,194	61,697
Other creditors including taxation and social security:				
Corporation tax	123	201,804	—	—
Other taxation and social security	2,424,075	2,595,878	2,424,075	1,979,179
Other creditors	1,226,338	1,086,834	1,060,171	975,825
Accruals and deferred income	2,156,786	2,749,363	2,438,257	2,997,147
	<u>17,177,201</u>	<u>23,117,139</u>	<u>17,456,514</u>	<u>23,370,223</u>

Other creditors include £547,464 due to former members (2014 - £448,601).

Included within bank loans is an amount totalling £Nil (2014 - £1,741,670) secured on the freehold premises.

The bank loans and overdrafts are secured by a fixed and floating charge over the fixed and current assets of the LLP.

15. CREDITORS: Amounts falling due after more than one year

	Group		LLP	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,997,536	96,210	1,997,536	96,210
Hire purchase agreements	83,754	147,947	83,754	147,947
Other creditors	595,014	579,632	—	—
	<u>2,676,304</u>	<u>823,789</u>	<u>2,081,290</u>	<u>244,157</u>

The bank loans are secured by a fixed and floating charge over the fixed and current assets of the LLP.

16. COMMITMENTS UNDER OPERATING LEASES

At 5 April 2015 the group had annual commitments under non-cancellable operating leases as set out below.

Group and LLP		Land and buildings	
	2015		2014
	£		£
Operating leases which expire:			
Within 1 year	484,854		—
Within 2 to 5 years	91,107		1,817,371
After more than 5 years	908,349		236,626
	<u>1,484,310</u>		<u>2,053,997</u>

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

17. RELATED PARTY TRANSACTIONS

In the opinion of the members there is no controlling party as defined by Financial Reporting Standard No 8 "Related party disclosures".

No further transactions with related parties were undertaken such as required to be disclosed under Financial Reporting Standard No 8 "Related party disclosures".

18. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT LLP

The profit dealt with in the financial statements of the parent LLP was £21,543,701 (2014- £14,590,225).

19. LOANS AND OTHER DEBTS DUE TO MEMBERS

	2015 £	2014 £
Members' capital classified as a liability under FRS 25	9,895,000	6,485,017
Amounts owed to members in respect of profits	4,435,588	2,829,493
	<u>14,330,588</u>	<u>9,314,510</u>

Loans and other debts due to members rank equally with debts due to unsecured creditors in a winding up.

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

20. MEMBERS' INTERESTS

GROUP	Members' other interests		Loans and other debts due to members less any amounts due from members in debtors			2015 Total	2014 Total
	Other reserves	Total	Members' capital classified as a liability under FRS 25	Other amounts	Total		
	£	£	£	£	£	£	£
Amounts due to members	-	-	6,485,017	2,829,493	9,314,510	-	-
Amounts due from members	-	-	-	(117,788)	(117,788)	-	-
Balance at 6 April 2014	3,403,152	3,403,152	6,485,017	2,711,705	9,196,722	12,599,874	10,505,211
Members remuneration charged as an expense	-	-	-	16,968,434	16,968,434	16,968,434	11,588,684
Profit for the financial year available for discretionary division amongst members	4,204,792	4,204,792	-	-	-	4,204,792	3,228,083
Members' interests after profit for the year	7,607,944	7,607,944	6,485,017	19,680,139	26,165,156	33,773,100	25,321,978
Other division of profits	(3,001,541)	(3,001,541)	-	3,001,541	3,001,541	-	-
Introduced by Members	-	-	4,104,983	-	4,104,983	4,104,983	994,995
Repayment of capital	-	-	(165,000)	-	(165,000)	(165,000)	(73,325)
Drawings	-	-	-	(17,868,673)	(17,868,673)	(17,868,673)	(13,196,329)
Amounts transferred to other creditors on members' retirement	-	-	(530,000)	(435,289)	(965,289)	(965,289)	(447,445)
Other movements	-	-	-	(5)	(5)	(5)	-
Amounts due to members	-	-	9,895,000	4,435,588	14,330,588	-	-
Amounts due from members	-	-	-	(57,875)	(57,875)	-	-
Balance at 5 April 2015	4,606,403	4,606,403	9,895,000	4,377,713	14,272,713	18,879,116	12,599,874

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

21. MEMBERS' INTERESTS

LLP	Members' other interests			Loans and other debts due to members less any amounts due from members in			2015 Total	2014 Total
	Other reserves	Revaluation reserve	Total	Members' capital classified as a liability under FRS 25	debtors Other amounts	Total		
	£	£	£	£	£	£	£	£
Amounts due to members	-	-	-	6,485,017	2,829,486	9,314,503	-	-
Amounts due from members	-	-	-	-	(117,788)	(117,788)	-	-
Balance at 6 April 2014	3,001,541	401,611	3,403,152	6,485,017	2,711,698	9,196,715	12,599,867	10,505,211
Members remuneration charged as an expense	-	-	-	-	16,968,434	16,968,434	16,968,434	11,588,684
Profit for the financial year available for discretionary division amongst members	4,575,267	-	4,575,267	-	-	-	4,575,267	3,001,541
Members' interests after profit / (loss) for the year	7,576,808	401,611	7,978,419	6,485,017	19,680,132	26,165,149	34,143,568	25,095,436
Other division of profits	(3,001,541)	-	(3,001,541)	-	3,001,541	3,001,541	-	-
Introduced by members	-	-	-	4,104,983	-	4,104,983	4,104,983	994,995
Repayment of capital	-	-	-	(165,000)	-	(165,000)	(165,000)	(73,325)
Drawings	-	-	-	-	(17,868,671)	(17,868,671)	(17,868,671)	(13,196,330)
Amounts transferred to other creditors on members' retirement	-	-	-	(530,000)	(435,289)	(965,289)	(965,289)	(447,445)
Other movements	-	(371,904)	(371,904)	-	-	-	(371,904)	226,542
Amounts due to members	-	-	-	9,895,000	4,435,588	14,330,588	-	-
Amounts due from members	-	-	-	-	(57,875)	(57,875)	-	-
Balance at 5 April 2015	4,575,267	29,707	4,604,974	9,895,000	4,377,713	14,272,713	18,877,687	12,599,867

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Operating profit	20,902,846	14,747,911
Depreciation	768,587	719,415
Loss/(Profit) on disposal of fixed assets	(102,984)	708
Increase in net work in progress and amounts recoverable on contracts	(2,636,053)	(3,394,341)
(Increase)/decrease in debtors	(1,412,609)	(7,741,806)
Increase/(decrease) in creditors	(367,360)	4,032,027
Net cash inflow from operating activities	<u>17,152,427</u>	<u>8,363,914</u>

23. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £	2014 £
Income from other fixed asset investments	2,291	2,690
Interest received	663,683	780,525
Interest paid	(377,753)	(512,602)
Net cash outflow from returns on investments and servicing of finance	<u>288,221</u>	<u>270,613</u>

24. TAXATION

	2015 £	2014 £
Taxation	<u>(201,698)</u>	<u>-</u>

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £	2014 £
Payments to acquire tangible fixed assets	(740,446)	(1,379,425)
Receipts from sale of fixed assets	1,776,859	2,975
Loss from disposal of fixed asset investments	(17,824)	-
Net cash inflow/(outflow) for capital expenditure and financial investment	<u>1,018,589</u>	<u>(1,376,450)</u>

26. TRANSACTIONS WITH MEMBERS AND FORMER MEMBERS

	2015 £	2014 £
Drawings and distributions to members	(17,868,673)	(13,196,329)
Capital contributions by members	4,104,983	994,995
Capital repayments to members	(165,000)	(73,325)
Payments to former members	(829,166)	(743,486)
Net cash outflow from transactions with members and former members	<u>(14,757,856)</u>	<u>(13,018,145)</u>

27. FINANCING

	2015 £	2014 £
New short term loans	8,300,000	4,348,169
Repayments of short and long term loans	(6,498,092)	(5,987,678)
New finance leases and HP agreements	-	254,278
Repayments of capital elements of HP and finance lease rentals	(61,696)	(44,634)
Net cash inflow/(outflow) from financing	<u>1,740,212</u>	<u>(1,429,865)</u>

PENNINGTONS MANCHES LLP

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 5 APRIL 2015

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015		2014	
	£	£	£	£
(Decrease) / Increase in cash in the period	5,239,890		(7,189,933)	
Net cash outflow / (inflow) from bank loans	(1,801,908)		1,639,509	
Cash outflow in respect of hire purchase	61,696		(209,644)	
Net cash flow from loans and other debts due to members	14,008,695		12,274,633	
		17,508,373		6,514,595
Change in net debt resulting from cash flows		17,508,373		6,514,595
Other non cash items				
Loans and other debts due to members		(19,084,686)		(13,841,266)
Change in net debt		(1,576,313)		(7,326,671))
Net debt at 6 April 2014		(22,338,352)		(15,011,681)
Net debt at 5 April 2015		(23,914,665)		(22,338,352)

29. ANALYSIS OF CHANGES IN NET DEBT

	At 6 Apr 2014 £	Cash flows £	Other changes £	At 5 Apr 2015 £
Net cash:				
Cash in hand and at bank	694,617	(117,567)	-	577,050
Overdrafts	(8,701,051)	5,357,457	-	(3,343,594)
	(8,006,434)	5,239,890	-	(2,766,544)
Debt:				
Debt due within 1 year	(4,829,342)	99,418	-	(4,729,924)
Debt due after 1 year	(96,210)	(1,901,326)	-	(1,997,536)
Hire purchase agreements	(209,644)	61,696	-	(147,948)
Loans and other debts due to members	(9,196,722)	14,008,695	(19,084,686)	(14,272,713)
	(22,338,352)	17,508,373	(19,084,686)	(23,914,665)