

**CLIFFORD CHANCE NEWCASTLE LIMITED**  
Company Registration No. 511097

**Directors' Report and Financial Statements**

**For the year ended 30 April 2020**

Registered office address:

Partnership House, Regent Farm Road,  
Newcastle Upon Tyne, England  
England, NE3 3AF, United Kingdom

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Directors' Report and Financial Statements  
For the year ended 30 April 2020

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Contents	Page
Directors' report	1
Independent auditors' report	3
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

**Directors' Report  
for the year ended 30 April 2020**

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The directors present their report on Clifford Chance Newcastle Limited (the "Company") and the financial statements for the year ended 30 April 2020.

**Principal activities**

The principal activity of the company is to provide process-driven and technology-enabled legal support to Clifford Chance and other clients. There have been no events since the balance sheet date which materially affect the position of the company. The directors are satisfied with the level of business and the company's position at 30 April 2020 and propose to continue with the current activities in the next financial year.

**Results**

The company results for the financial year are shown in the income statement on page 7. The profit for the year before tax was £2,036,178 (2019: £704,073). The increase in profit is due to the company's growth in terms of number of staff as well as increase in volume of work following the acquisition of the team that was part of Carillion Advisory Services Limited in February 2018.

**Dividends**

The directors recommend the payment of a dividend of £800,000 in respect of the year (2019: £nil).

**Directors**

The directors of the company who were in office during the year and up to the date of signing of the financial statements were as follows:

M. D. Bates  
H. L. Carty  
D. Harkness  
M. Layton  
E. L. Matebalavu  
M.F. Newick  
C. C. Perrin

The company has put in place, throughout the year and at the time of approving these accounts, qualifying third party indemnity provisions for all the directors of Clifford Chance Newcastle Limited.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period.

**Directors' Report  
for the year ended 30 April 2020**

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**Statement of directors' responsibilities in respect of the financial statements (continued)**

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed subject to any departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Independent Auditors**

The independent auditors of Clifford Chance LLP are PricewaterhouseCoopers LLP who will be proposed for reappointment. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

**Disclosure of information to auditors**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware; and
- each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Going Concern**

The recent Coronavirus ("COVID-19") outbreak, declared a pandemic by the World Health Organisation in March 2020, is expected to have an impact on the future operations and business activities of the company. Whilst it is difficult to predict the future financial performance due to the impact of COVID-19, the directors have considered different scenarios on the financial position, results of operations and cash flows in the future. After considering these different scenarios, the directors have at least a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

Approved by the Board of Directors and signed on behalf of the  
Board by David Harkness, director



16 November 2020

## **Independent auditors' report to the members of Clifford Chance Newcastle Limited**

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### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Clifford Chance Newcastle Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2020; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Independent auditors' report to the members of Clifford Chance Newcastle Limited (continued)**

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**Conclusions relating to going concern (continued)**

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the and Directors' Report for the year ended 30 April 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Independent auditors' report to the members of Clifford Chance Newcastle Limited (continued)**

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### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Independent auditors' report to the members of Clifford Chance Newcastle Limited (continued)**

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**Other required reporting**

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 November 2020



**Income Statement  
for the year ended 30 April**

	Note	2020 £'000	2019 £'000
<hr/>			
<b>Revenue</b>	3	5,275	3,052
Operating expenses	4	(3,198)	(2,301)
<b>Operating Profit</b>		<hr/> 2,077	<hr/> 751
Finance costs		(41)	(47)
<b>Profit before taxation</b>		<hr/> 2,036	<hr/> 704
Tax on profit	5	(390)	(145)
<b>Profit for the financial year</b>		<hr/> <hr/> 1,646	<hr/> <hr/> 559


The results disclosed above for both the current year and the prior year relate entirely to continuing operations.

The Company has no other comprehensive income during either the current year or prior year and, therefore, no separate statement to present other comprehensive income has been prepared.

**Balance Sheet  
as at 30 April**

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Property, plant and equipment	7	134	180
Right of use assets	13	353	-
Deferred tax asset	6	12	-
<b>Total fixed assets</b>		<b>499</b>	<b>180</b>
<b>Current assets</b>			
Trade and other receivables	8	652	195
Accrued income		674	410
Cash and cash equivalents		401	678
<b>Total current assets</b>		<b>1,727</b>	<b>1,283</b>
<b>Total assets</b>		<b>2,226</b>	<b>1,463</b>
<b>Creditors: Amounts falling due within one year</b>			
Current tax liability		(351)	(126)
Lease liabilities	13	(115)	-
Trade and other payables	9	(390)	(128)
<b>Total current liabilities</b>		<b>(856)</b>	<b>(254)</b>
<b>Net current assets</b>		<b>871</b>	<b>1,029</b>
<b>Total assets less current liabilities</b>		<b>1,370</b>	<b>1,209</b>
<b>Creditors: Amounts falling due after more than one year</b>			
Lease liabilities	13	(242)	-
Trade and other payables	10	-	(1,729)
		<b>(242)</b>	<b>(1,729)</b>
<b>Total liabilities</b>		<b>(1,098)</b>	<b>(1,983)</b>
<b>Net assets/ (liabilities)</b>		<b>1,128</b>	<b>(520)</b>
<b>Equity / (deficit)</b>			
Called up share capital	11	-	-
Profit and loss account		1,128	(520)
<b>Total equity / (deficit)</b>		<b>1,128</b>	<b>(520)</b>

The financial statements on pages 7 - 20 were approved by the board of directors and authorised for issue on 16 November 2020. They were signed on its behalf by David Harkness:



Director

**Statement of changes in equity  
for the year ended 30 April**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholders' equity / (deficit) £'000</b>
Balance at 1 May 2018	-	(1,079)	(1,079)
Profit for the financial year	-	559	559
<b>Balance at 30 April 2019</b>	<b>-</b>	<b>(520)</b>	<b>(520)</b>
Impact on adoption of IFRS 16 (note 13)	-	2	2
<b>Adjusted balance at 1 May 2019</b>	<b>-</b>	<b>(518)</b>	<b>(518)</b>
Profit for the financial year	-	1,646	1,646
<b>Balance at 30 April 2020</b>	<b>-</b>	<b>1,128</b>	<b>1,128</b>

**Notes to the financial statements  
for the year ended 30 April 2020**

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**1. Presentation of the financial statements**

**General information**

Clifford Chance Newcastle Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Partnership House, Regent Farm Road, Newcastle Upon Tyne NE3 3AF.

The nature of the company's operation and its principal activities are set out in the Directors' Report.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

**(a) Basis of preparation**

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with Financial Reporting Standard FRS 101 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council, and under the historical cost convention.

The Company, for the first time, has adopted IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating leases and finance leases and requiring the recognition of a right of use asset and a lease liability at the lease commencement for all leases, except for short term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged except that some leases have become finance leases. Details of the new requirements and impact of the adoption of IFRS 16 on the Company's consolidated financial statements are described in Note 13.

**Going Concern**

The directors believe that the company will continue to act in line with its principal business activity of providing legal services. The company's ultimate holding party, Clifford Chance LLP, has confirmed that it will continue to provide support to the company to meet its obligations as they fall due for a period of not less than 12 months from the signing of the company's annual financial statements.

As a result, the directors believe that the company will continue as a going concern in the foreseeable future and have adopted the going concern basis of accounting.

**Notes to the financial statements  
for the year ended 30 April 2020**

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**Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- IFRS 7, "Financial instruments: Disclosures";
- Paragraph 38 of IAS 1, "Presentation of financial statements" - comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 and paragraph 73(e) of IAS 16, "Property, plant and equipment";
- The following paragraphs of IAS 1, "Presentation of financial statements":
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraphs 30 and 31 of IAS 8, "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, "Related party disclosures", to disclose related party transactions entered into between two or more members of a group.

**Notes to the financial statements  
for the year ended 30 April 2020**

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**(b) Revenue**

Revenue represents amounts chargeable to clients for professional services provided, excluding external disbursements and sales tax. The company is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days.

The company provides services to clients under a contract or matter. In most instances, services for a matter are not considered distinct and represent a series of services that are substantially the same with the same pattern of transfer to the customer and are accounted for as a single performance obligation. However, where a contract or matter requires services that are capable of being distinct, are distinct in the context of the contract and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligations based on a standalone fee.

Revenue is recognised when a performance obligation is satisfied and where the company has the right to invoice the client. Typically, performance obligations are satisfied over time as services are provided. Revenue recognised over time is based on the proportion of the service performed with an output method used to measure progress for each performance obligation. The company has applied the practical expedient of IFRS15 paragraph 121 to not disclose information about remaining performance obligations as the performance obligations are part of contracts or matters with an original expected duration of one year or less.

Revenue for services which is contingent and dependent on external events is recognised when the event is highly probable. The company does not incur significant costs in obtaining or fulfilling a contract and therefore all such costs are expensed as incurred.

**(c) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows :

Office equipment, furniture, fixtures and fittings	3 - 5 years
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**(d) Taxation**

Current tax, including corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**(e) Deferred Tax**

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

**Notes to the financial statements  
for the year ended 30 April 2020**

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**(f) Leases**

Clifford Chance Newcastle Limited had to change its accounting policies as a result of adopting IFRS 16. IFRS 16: 'Leases', is effective for the entity for the current year end and it replaces IAS 17 and introduces a single, on-balance sheet lease accounting model for lessees.

Until 30 April 2019, leases of property in which a significant portion of the risks and rewards of ownership were not transferred to the entity as a lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the profit or loss on a straight-line basis over the period of the lease.

The entity elected to adopt IFRS 16 on a modified retrospective basis from 1 May 2019 and has taken the cumulative adjustments to retained earnings, on the date of initial application. Accordingly, prior year financial information is not restated and will continue to be reported under IAS 17: Leases.

**As a lessee**

The right-of-use asset and lease liability will initially be measured at the present value of the remaining lease payments. The new policy and numbers are detailed in Note 13 along with the transitional impact of the change.

**(g) Trade and other receivables**

The company's trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. For trade and other receivables, the general approach is used where the company recognises the losses that are expected to result from all possible default events over the expected life of the receivable when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the receivable has not increased significantly since initial recognition, the company measures the expected loss allowance based on losses that are expected to result from default events that are possible within 12 months after the reporting date. When a trade and other receivable is determined to be uncollectable it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

**(h) Accrued income**

Accrued revenue is measured at selling value of unbilled hours chargeable to clients less any impairment, including an expected credit loss provision.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions. They are readily convertible into known amounts of cash and have an insignificant risk of changes in value.

**(j) Creditors**

Creditors are initially recognised at fair value and then held at amortised cost using the effective interest method.

**(k) Critical accounting estimates and key sources of estimation**

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and key sources of estimation applied in these financial statements are set out below. Any significant change in these estimates could have a material effect on the company's financial position and results of operations.

**Notes to the financial statements  
for the year ended 30 April 2020**

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**(k) Critical accounting estimates and key sources of estimation (continued)**

The accounting for leases under IFRS 16 involves making various judgements which are disclosed below.

**Policy applicable from 1 May 2019 - Definition of a lease**

There is a degree of judgement in determining whether a contract is, or contains, a lease.

At inception of a contract, the entity assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the entity assesses whether:

- the contract involved the use of an identified asset this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive right to substitution then the asset is not identified;
- the entity has the right to obtain substantially all of the economic benefit from use of the asset throughout the period of use;
- the entity has the right to direct the use of the asset. The entity has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the entity has the right to direct the use of the asset if either:
  - the entity has the right to operate the asset; or
  - the entity designed the asset in a way that predetermines how and for what purpose it will be used.

This policy will be applied to contracts entered into, or changes, on or after 1 May 2019

**Lease term**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

**Discount Rate**

Given the absence of the interest rate implicit in a lease the Company has applied a methodology to determine the lessee's incremental borrowing rate. This rate is determined as being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. An adjustment is then made specific to the risk factor in each region.

**Accrued Income**

Accrued income is a contract asset and is recognised when performance obligations are satisfied over time in excess of amounts billed. The value of accrued income is based on estimates and assumptions over whether the right to consideration exists, the percentage completion of performance obligations and the valuation of variable and contingent fees.



**Notes to the financial statements  
for the year ended 30 April 2020**

**(k) Critical accounting estimates and key sources of estimation (continued)**

*Estimation uncertainty relating to the global health pandemic on COVID-19*

In assessing the recoverability of trade receivables including accrued income, the Company has considered internal and external information up to the date of approval of these financial statements including credit default assessment and economic forecasts of each counterparty. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**3. Revenue**

The Company derives revenue from its customers by the following types and geographic areas.

Revenue by type:

	2020 £'000	2019 £'000
Provision of legal support services to clients	5,123	3,052
Provision of legal services to clients in relation to Real Estate	118	-
Provision of support staff to the ultimate parent undertaking	34	-
	<u>5,275</u>	<u>3,052</u>

Revenue by geographic area:

	2020 £'000	2019 £'000
Americas	257	22
Asia Pacific	226	5
Europe	252	121
Middle East	5	20
UK	4,535	2,884
	<u>5,275</u>	<u>3,052</u>

**4. Operating expenses**

	2020 £'000	2019 £'000
Office costs	386	342
Staff costs	2,162	1,585
Other costs	650	374
	<u>3,198</u>	<u>2,301</u>

The fees payable to the Company's auditors for the audit of the financial statements were £7,688 (2019: £7,500). This charge has been borne by Clifford Chance LLP, the ultimate parent company. There were no non-audit fees in either year (2019: £nil).

**Notes to the financial statements  
for the year ended 30 April 2020**

**4. Operating expenses (continued)**

The average monthly number of persons employed by the company was:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Associates	1	-
Support staff	72	60
	<u>73</u>	<u>60</u>

The average number of directors during the year was 7 (2019: 7).

None of the directors received any remuneration for services as a director of Clifford Chance Newcastle Limited (2019: £nil).

Staff costs are made up of:	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,876	1,376
Social security costs	170	124
Pension contributions	43	44
Other staff costs	73	41
	<u>2,162</u>	<u>1,585</u>

Depreciation of property, plant and equipment for the year was £89,636 (2019: £58,616). Depreciation of right of use assets for the year was £121,689 (2019: £Nil).

Lease costs for the year were £Nil (£2019: £71,207)

**5. Tax on profit**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
UK corporate tax at 19% (2019: 19%) based on the profit for the year	402	145
Deferred tax asset on decelerated capital allowances (note 6)	(12)	-
	<u>390</u>	<u>145</u>

Reconciliation of tax charge:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<u>2,036</u>	<u>704</u>
Tax at 19% (2019: 19%) thereon	387	134
Effects of difference between tax treatment & accounting treatment of certain expenses	2	11
Prior year deferred tax adjustment (note 6)	1	-
Total tax charge for the year	<u>390</u>	<u>145</u>

The main rate of corporation tax was reduced to 19% from 1 April 2017. Further reductions were enacted by Finance Act 2016 to reduce the corporation tax rate to 17% from 1 April 2020. On 11 March 2020, the Chancellor announced that from 1 April 2020 the corporation tax rate will remain at 19%. This new law was substantively enacted on 17 March 2020.

**Notes to the financial statements  
for the year ended 30 April 2020**

6. Deferred tax asset	2020 £'000	2019 £'000
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Decelerated capital allowances:

As at 1 May 2019	-	-
Prior year adjustment	1	-
Current year movement	11	-
	<u>12</u>	<u>-</u>

7. Property, Plant and Equipment	Office equipment, furniture, fixtures & fittings £'000	Total £'000
<i>Cost</i>		
Balance at 1 May 2019	241	241
Additions	44	44
Balance at 30 April 2020	<u>285</u>	<u>285</u>
<i>Accumulated depreciation</i>		
Balance at 1 May 2019	61	61
Depreciation for the year	90	90
Balance at 30 April 2020	<u>151</u>	<u>151</u>
<i>Carrying amount</i>		
At 30 April 2019	<u>180</u>	<u>180</u>
At 30 April 2020	<u>134</u>	<u>134</u>

8. Trade and other receivables	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade receivables	-	26
less: allowance for doubtful debts	-	-
	<u>-</u>	<u>26</u>
Other debtors	70	86
Amounts due from group undertakings	582	83
	<u>652</u>	<u>195</u>

Amounts due from group undertakings are non-interest bearing and repayable on demand.

9. Creditors: Amounts falling due within one year	2020 £'000	2019 £'000
Accounts payable	32	5
Social security and other taxes	63	36
Accruals	295	87
	<u>390</u>	<u>128</u>

The increase in accruals mainly relates to professional fees in relation to property.

**Notes to the financial statements  
for the year ended 30 April 2020**

<b>10. Creditors: Amounts falling due after more than one year</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amount due to group undertakings	-	1,704
Other creditors	-	25
	<u>-</u>	<u>1,729</u>

Amount due to group undertakings consist of a loan from Clifford Chance London Limited, a wholly owned subsidiary of Clifford Chance LLP. Interest was charged on the loan at the annual rate of the higher of a) 0.1% or b) GBP LIBOR plus 2.5%, for the period in respect of which the interest is being calculated. Interest accrued on a daily basis and was calculated on the basis of a 365 day year, compounded on 30 April 2019 and annually thereafter. The loan was repaid in full during the year ending 30 April 2020.

<b>11. Called up share capital</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
100 shares of £1	100	100
(2019: 100 shares)		

**12. Immediate parent undertaking and ultimate controlling party**

The company's immediate parent undertaking is Mithras Limited, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group into which the results of Clifford Chance Newcastle Limited is consolidated, and also the company's ultimate controlling party, is Clifford Chance LLP, a limited liability partnership registered in England and Wales. The financial statements of Mithras Limited and Clifford Chance LLP can be obtained from the Designated Members, Clifford Chance LLP, 10 Upper Bank Street, London, England, E14 5JJ. The Company have taken exemption in terms of paragraph 4(a) of IFRS 10.

**13. Leases**

**(a) As a lessee:**

**(i) Amounts recognised in the balance sheet**

The balance sheet shows the following amounts relating to leases:

	<b>30 April 2020</b>	<b>1 May 2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Right-of-use assets</b>		
Property	353	474
	<u>353</u>	<u>474</u>

The following are the changes in the carrying value of right of use assets for the year:

	<b>Property</b>
	<b>£'000</b>
Balance as at 1 May 2019	474
Additions	-
Depreciation	(121)
Terminations	-
Balance as at 30 April 2020	<u>353</u>

**Notes to the financial statements  
for the year ended 30 April 2020**

**(a) As a lessee (continued):**

	<b>30 April 2020</b>	<b>1 May 2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lease Liabilities</b>		
Current	115	140
Non-current	242	357
	<u>357</u>	<u>497</u>

The following is the movement in lease liabilities during the year:

	<b>Property</b>
	<b>£'000</b>
Balance as at 1 May 2019	497
Additions	-
Terminations	-
Finance cost accrued during the period	8
Payment of lease liabilities	(148)
Balance as at 30 April 2020	<u>357</u>

**Total undiscounted lease liabilities as at 30 April 2020**  
**Maturity analysis - contractual undiscounted cash flows**

	<b>Property</b>
	<b>£'000</b>
Less than one year	121
One to five years	246
More than five years	-
	<u>367</u>

**(ii) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	<b>30 April 2020</b>
	<b>£'000</b>
<b>Depreciation charge of right-of-use assets</b>	
Property	121
	<u>121</u>
<b>Interest on lease liabilities (included in finance costs)</b>	8
	<u>8</u>

**Notes to the financial statements  
for the year ended 30 April 2020**

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**(b) Transitional Disclosures**

This note explains the impact of the adoption of IFRS 16 Leases on the Company's financial statements.

As indicated in note 2(a) significant accounting policies, the Company has adopted IFRS 16 Leases retrospectively from 1 May 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 May 2019. The new accounting policies are disclosed in note 2(a) and 13(a) for a lessee and 13(b) for transitional disclosures.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of £474,325, a lease liability of £497,248 and an release of deferred rent of £24,517 under IAS 17. The cumulative effect of applying the standard, amounting to £1,594 was credited to retained earnings. The effect of this adoption is insignificant on the operating profit and net profit for the period. On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using regional specific incremental borrowing rate. The lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 1.89%.