

CLIFFORD CHANCE NEWCASTLE LIMITED

Company Registration No. 511097

Annual Report and Financial Statements

for the year ended 30 April 2021

Registered office address:

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



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Annual Report and Financial Statements
For the year ended 30 April 2021

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Directors' report
for the year ended 30 April 2021

The Directors present their report on Clifford Chance Newcastle Limited (the "Company") and the audited financial statements for the year ended 30 April 2021.

This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

Principal activities and future developments

The principal activity of the Company is to provide process-driven and technology-enabled legal support to Clifford Chance and its clients. The Directors are satisfied with the level of business and the Company's position at 30 April 2021 and propose to continue with the current activities in the next financial year.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to Companies using FRS 101 Reduced Disclosure Framework ("FRS 101").

Review of business

The profit for the year before tax was £2,974,912 (2020: £2,036,178).

Results

The Company's results for the financial year are shown in the income statement on page 8.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are as follows:

Michael David Bates
Helen Louise Carty
David Harkness
Matthew Robert Layton
Emma Louise Matebalavu
Matthew Forster Newick
Robin Guy Abraham (appointed on 17 November 2020)
Christopher Courtenay Perrin (resigned on 31 December 2020)

Directors' report
for the year ended 30 April 2021

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual 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, 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. In preparing the 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 material 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 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 also 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.

Disclosure of information to independent auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The independent auditors of the Company are PricewaterhouseCoopers LLP, who will be proposed for reappointment. PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year (2020: £800,000). The dividend recommended in respect of the previous year has been paid during the current year.

Directors' report
for the year ended 30 April 2021

Qualifying third party indemnity

The Company has put in place, throughout the year and at the time of approving these financial statements, qualifying third party indemnity provisions for all the Directors of the Company.

Going concern

The Directors have considered the appropriateness of continuing to adopt the going concern basis after taking into account possible changes in light of uncertainty related to economic conditions, and other longer term plans. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

On behalf of the Board



Robin Guy Abraham
2 February 2022

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

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 2021 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 30 April 2021; the Income Statement and 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

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

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

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

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 Directors' report for the year ended 30 April 2021 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 Directors' report.

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, 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.

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

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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Solicitors Regulation Authority regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Review of all internal audit reports issued to the Audit and Risk Committee which highlighted any issues with respect to potential fraud;
- Discussion with management, the Compliance Officer for Finance and Administration and the Compliance Officer for Legal Practice, including consideration of known or suspected instances of non-compliance with law and regulations and fraud; and
- Challenge of assumptions and judgements made by management in respect of significant accounting estimates.

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

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. This description forms part of our auditors' report.

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

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.

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 obtained 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: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Imran Younus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
3 February 2022

Income Statement
for the year ended 30 April

	Note	2021 £'000	2020 £'000
Revenue	4	6,680	5,275
Operating expenses			
Staff and related costs	5	(2,720)	(2,162)
Other operating costs	6	(979)	(1,036)
		<u>(3,699)</u>	<u>(3,198)</u>
Operating profit		<u>2,981</u>	<u>2,077</u>
Profit before interest and taxation		<u>2,981</u>	<u>2,077</u>
Finance costs		(6)	(41)
Profit before income tax		<u>2,975</u>	<u>2,036</u>
Income tax expense	7	(569)	(390)
Profit for the financial year		<u>2,406</u>	<u>1,646</u>

The results derive from continuing operations.

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

Balance Sheet
as at 30 April

	Note	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment	9	124	134
Right of use assets	13	231	353
		<u>355</u>	<u>487</u>
Current assets			
Trade and other receivables	10	747	652
Accrued income		571	674
Cash and cash equivalents		2,361	401
Deferred tax asset	8	19	12
		<u>3,698</u>	<u>1,739</u>
Current liabilities			
Trade and other payables	11	(1,222)	(856)
Net current assets		<u>2,476</u>	<u>883</u>
Total assets less current liabilities		<u>2,831</u>	<u>1,370</u>
Non-current liabilities			
Trade and other payables	11	(97)	(242)
Net assets		<u>2,734</u>	<u>1,128</u>
Total Equity		<u>2,734</u>	<u>1,128</u>
Equity			
Ordinary shares	12	-	-
Retained earnings		2,734	1,128
Total shareholders' funds		<u>2,734</u>	<u>1,128</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 11 to 22 are an integral part of these financial statements.

These financial statements on pages 8 to 22 were approved by the Board of Directors on
2 February 2022 and signed on their behalf by:

Robin Guy Abraham
Director



Statement of changes in equity

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Adjusted balance at 1 May 2019	-	(518)	(518)
Profit for the financial year	-	1,646	1,646
Balance at 30 April 2020	-	1,128	1,128
Profit for the financial year	-	2,406	2,406
Dividend paid	-	(800)	(800)
Balance at 30 April 2021	-	2,734	2,734

Notes to the financial statements
for the year ended 30 April 2021

1. General information

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

The principal activity of the Company is to provide process-driven and technology-enabled legal support to Clifford Chance and its clients.

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 financial statements have been prepared in accordance with the Companies Act 2006 as applicable to Companies using FRS 101 Reduced Disclosure Framework ("FRS 101").

Going Concern

The Directors have considered the appropriateness of continuing to adopt the going concern basis after taking into account possible changes in light of uncertainty related to economic conditions, and other longer term plans. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 April 2021 that have a material impact on the company's financial statements.

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";
- The following paragraphs of IAS 1 "Presentation of financial statements":
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirements for minimum of two primary statements, including cash flow statements); and
 - 111 (cash flow statement information);
- IFRS 15 "Revenue from contracts with customers: disclosures";

Notes to the financial statements
for the year ended 30 April 2021

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Disclosure exemptions adopted (continued)

- IAS 7 "Statement of cash flows";
- Paragraph 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" (key management compensation); and
- The requirements in IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more wholly owned members of a group.

The financial statements of Clifford Chance LLP can be obtained as described in Note 2(b).

(b) Ultimate and immediate parent undertaking

The Company is a wholly owned subsidiary of the ultimate parent, Clifford Chance LLP, a LLP registered in England and Wales, is the Company's ultimate parent undertaking and controlling party. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company are the consolidated financial statements of Clifford Chance LLP. Copies of the consolidated financial statements can be obtained from the Designated Members, Clifford Chance LLP, 10 Upper Bank Street, London, England, E14 5JJ, United Kingdom. The immediate parent undertaking is Mithras Limited.

(c) 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 within a matter are not considered distinct and are therefore 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 obligation based on a standalone fee.

Notes to the financial statements
for the year ended 30 April 2021

2. Summary of significant accounting policies (continued)

(c) Revenue (continued)

Typically, performance obligations are satisfied over time as services are provided, because the client receives and uses the benefits simultaneously. Revenue, for variable time-based contracts, is recognised where the Company has the right to invoice the client. For fixed or capped fee contracts, revenue is recognised based on the proportion of the service performance with an input method used to measure progress for each performance obligation. The Company has applied the practical expedient of IFRS 15 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 and a significant reversal is unlikely. The Company does not incur significant costs in obtaining or fulfilling a contract and therefore all such costs are expensed as incurred.

(d) 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 & fittings - 3 - 5 years

(e) Taxation

Current tax is provided at the amounts expected to be paid or refunded applying the rates that have been enacted or substantively enacted by the balance sheet date.

(f) 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 2021

2. Summary of significant accounting policies (continued)

(g) Leases

The Company assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company leases building for its office space. The leases of office space typically run for a defined period, but may have extension options. Contracts may contain both lease and non-lease components. For property leases the Company has elected to separate lease and non lease components and allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liabilities include the net present value of the following lease payments:

- fixed payments;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Company, the lessee's incremental borrowing rate is used, 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.

To determine the incremental borrowing rate, the Company:

- uses a relevant corporate bond rate within United Kingdom region;
- makes an adjustment specific to the lease term and the risk in each region relative to the overall market.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. The Company has no variable lease payments for its property leases other than those linked to an index or a rate.

Notes to the financial statements
for the year ended 30 April 2021

2. Summary of significant accounting policies (continued)

(g) Leases (continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives receivable, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The practical expedients for short term leases were not adopted for the leases within the Company. The Company also has low value leases that are primarily classified as office equipment. The office equipment mostly comprise printers and photocopiers.

There are no material extension or termination options included in the property leases across the Company. Leases due to expire within 12 months of year end were examined to see if there were any exercisable by lessee that may potentially be extended. In considering all the facts and circumstances the Company determined that none of these leases expiring in 12 months should include an extended lease term.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

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 receivables, the simplified approach is used to measure expected credit losses using a lifetime expected loss allowance. For amounts due from group undertakings 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.

Accrued revenue

Accrued revenue is measured at selling value of unbilled hours chargeable to clients less any impairment, including an expected credit loss provision by using a simplified approach to measure expected credit losses using a lifetime expected loss allowance.

Notes to the financial statements
for the year ended 30 April 2021

2. Summary of significant accounting policies (continued)

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.

Trade and other payables

Trade and other payables are initially recognised at fair value and then held at amortised cost using the effective interest rate method. Long-term trade and other payables are discounted where the effect is material.

(i) Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling (GBP / £).

(j) Share capital

Ordinary shares are classified as equity.

3. Critical accounting estimates and key sources of estimation

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements, including judgements regarding the application of 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.

Leases - discount rate

Given that there is no interest rate implicit in the property lease held by the Company, and therefore the Company has determined the incremental borrowing rate by identifying the interest rate that the Company 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 United Kingdom region.

Notes to the financial statements
for the year ended 30 April 2021

4. Revenue

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

Revenue by type:

	2021	2020
	£'000	£'000
Provision of legal support services to clients	6,473	5,123
Provision of legal services to clients in relation to real estate	171	118
Provision of support staff to the ultimate parent undertaking	36	34
	6,680	5,275

Revenue by geographic area:

	2021	2020
	£'000	£'000
Americas	173	257
Asia Pacific	68	226
Europe	301	252
Middle East	39	5
United Kingdom	6,099	4,535
	6,680	5,275

5. Staff and related costs

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

	2021	2020
	No.	No.
Fee earners	74	64
Support staff	10	9
	84	73

The average number of directors during the year was 7 (2020: 7).

The Directors did not receive any remuneration from the Company or from any other group undertaking during the year for their services as directors for the Company (2020: £nil).

Staff costs incurred during the year were:

	2021	2020
	£'000	£'000
Salaries	2,431	1,876
Social security costs	206	170
Pension contributions	69	43
Other staff costs	14	73
	2,720	2,162

Notes to the financial statements
for the year ended 30 April 2021

6. Other operating costs

	2021	2020
	£'000	£'000
Depreciation of property, plant and equipment	105	90
Depreciation of right of use of assets	122	121
Other expenses	752	825
	<u>979</u>	<u>1,036</u>

The auditors did not receive any remuneration from the Company (2020: £nil). The audit fee of £7,900 (2020: £7,688) was paid by Clifford Chance LLP. The Company did not incur any non-audit service fees during the financial year (2020: £nil). The consolidated financial statements as mentioned in note 2(b) have complied with the statutory disclosure requirement as required by section 494 of the Companies Act 2006 and the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

7. Income tax expense

	2021	2020
	£'000	£'000
UK corporate tax at 19% (2020: 19%) based on the profit for the year	576	402
Deferred tax asset (note 8)	(7)	(12)
	<u>569</u>	<u>390</u>

	2021	2020
	£'000	£'000
Reconciliation of tax charge:		
Profit before taxation	<u>2,975</u>	<u>2,036</u>
Tax at 19% (2020: 19%) thereon	565	387
Effects of difference between tax treatment & accounting treatment of certain expenses	4	2
Prior year deferred tax adjustment (note 8)	-	1
Total tax charge for the year	<u>569</u>	<u>390</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

8. Deferred tax asset

	£'000
<i>Decelerated capital allowances:</i>	
Balance at 1 May 2019	-
Prior year adjustment	1
Current year movement	11
Balance at 30 April 2020	<u>12</u>
Current year movement	7
Balance at 30 April 2021	<u>19</u>

Notes to the financial statements
for the year ended 30 April 2021

9. Property, plant and equipment

	Office equipment, furniture, fixtures & fittings & Total £'000
<i>Cost</i>	
Balance at 1 May 2019	241
Additions	44
Balance at 30 April 2020	285
Additions	95
Balance at 30 April 2021	380
<i>Accumulated depreciation</i>	
Balance at 1 May 2019	(61)
Depreciation for the year	(90)
Balance at 30 April 2020	(151)
Depreciation for the year	(105)
Balance at 30 April 2021	(256)
<i>Carrying amount</i>	
At 30 April 2020	134
At 30 April 2021	124

10. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due from group undertakings	659	582
Other debtors	88	70
	<u>747</u>	<u>652</u>

There is no material difference between the fair value and carrying value of receivables.

Amounts due from group undertakings are fees owed by other offices in respect of client matters, and arise when the leading office issues a fee note to the client, as well as in respect of inter-office charges for items such as management charges. Such balances are interest free and repayable on demand.

Notes to the financial statements
for the year ended 30 April 2021

11. Trade and other payables

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Accounts payable	11	32
Social security and other taxes	104	63
Accruals	586	295
Current tax liability	376	351
Lease liabilities (note 13)	145	115
	<u>1,222</u>	<u>856</u>
Amounts falling due after more than one year		
Lease liabilities (note 13)	97	242
	<u>97</u>	<u>242</u>
	<u>1,319</u>	<u>1,098</u>

There is no material difference between the fair value and carrying value of payables.

12. Called up share capital

	2021	2020
	£	£
Authorised		
100 shares of £1 (2020: 100 shares)	100	100
Issued and fully paid		
100 shares of £1 (2020: 100 shares)	100	100
	<u>100</u>	<u>100</u>

Notes to the financial statements
for the year ended 30 April 2021

13. Leases

(a) As a lessee:

The balance sheet shows the following amounts relating to leases:

	2021	2020
	£'000	£'000
Right-of-use assets		
Property	231	353
	<u>231</u>	<u>353</u>

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

	Property £'000
Cost	
Balance as at 1 May 2019	474
Additions	-
Balance as at 30 April 2020	<u>474</u>
Additions	-
Balance as at 30 April 2021	<u>474</u>
Accumulated Depreciation	
Balance as at 1 May 2019	-
Depreciation	(121)
Balance as at 30 April 2020	<u>(121)</u>
Depreciation	(122)
Balance as at 30 April 2021	<u>(243)</u>
Carrying amount	
As at 30 April 2020	<u>353</u>
As at 30 April 2021	<u>231</u>

	2021	2020
	£'000	£'000
Lease Liabilities		
Current	145	115
Non-current	97	242
	<u>242</u>	<u>357</u>

Notes to the financial statements
for the year ended 30 April 2021

13. Leases (continued)

(a) As a lessee (continued):

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

	Property £'000
Balance as at 1 May 2019	497
Finance cost accrued during the year	8
Payment of lease liabilities	(148)
Balance as at 30 April 2020	357
Finance cost accrued during the year	6
Payment of lease liabilities	(121)
Balance as at 30 April 2021	242

Total undiscounted lease liabilities as at 30 April:	2021 £'000	2020 £'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	149	121
One to five years	97	246
	246	367

The income statement shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right-of-use assets	122	121
Interest on lease liabilities (included in finance costs)	6	8

14. Related party transactions

During the year, the Company provided legal and support staff services to its ultimate parent and its fellow subsidiary undertakings totaling £6,680,400 (2020: £5,275,000). The balances outstanding between the Company and its group undertakings at the end of the financial year are shown in note 10.