

**Company Registration No. 3375920**

**Clifford Chance London Limited**

**Report and Financial Statements**

**30 April 2006**



# **Clifford Chance London Limited**

## **Report and financial statements 2006**

### **Officers and professional advisers**

#### **Directors**

P J Charlton  
P C E Cornell  
A D French  
C C Perrin  
S Popham  
C Goodwill  
J Sandelson

#### **Secretary**

*Clifford Chance Secretaries Limited*

#### **Registered Office**

10 Upper Bank Street  
London  
E14 5JJ

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Clifford Chance London Limited**

## **Report and financial statements 2006**

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# **Clifford Chance London Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 30 April 2006.

### **Principal activities and business review**

The company is a wholly owned subsidiary of Clifford Chance LLP.

The principal activities of the company are the supply of personnel to the partnership of Clifford Chance LLP. 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 2006, and propose to continue with the current activities in the next financial year.

As shown in the company's profit and loss account on page 7, the company's income has increased by 11% over the period and profit has increased by £33m due to the pension credits to the income statement.

The balance sheet on page 8 shows the net liabilities of the company has reduced significantly due to the profit in the year of £26m.

Due to the nature of the company there are no relevant non financial key performance indicators.

### **Principal risks and uncertainties**

The company does not use derivatives to manage its financial risks. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the directors consider none of these risks are applicable to this company.

### **Results and dividends**

The profit and loss account for the year is set out on page 8.

No dividends have been paid or proposed for the year period ended 30 April 2006. (2005: £nil).

### **Directors**

The directors of the company who served throughout the period except as noted were:

Peter John Charlton

Peter Cornell

Alan Douglas French

Chris Perrin

Stuart Popham

Christopher Goodwill

Jeremy Sandelson (appointed effective 30 March 2006)

All of the directors listed above, being also partners of Clifford Chance LLP, are interested in the two shares in issue of the company's share capital as at 30 April 2006 and at 30 April 2005.

### **Employees**

The company communicates with all employees through regular staff briefings. Subject to practical and commercial considerations, employees are consulted and involved in decisions that affect their employment or future prospects.

# **Clifford Chance London Limited**

## **Directors' report**

The company employs disabled persons where the requirements of the job and the individual's disability make this possible. The company accepts the need to maintain and develop the careers of disabled employees and supports training and other programmes to that end.

If an employee becomes disabled the objective is the continued provision of suitable employment either in the same or an alternative position with the appropriate training.

### **International financial reporting standards**

The Company reports its full year results for 2006 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union from 1 January 2005. The prior year comparative figures have been restated under IFRS. The restatements of the 2005 full year results and balance sheet from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS basis and the restated opening balance sheet at 1 May 2004, which is the transition date for the Group's adoption of IFRS, are set out in note 14 to the financial statements repeating information reported previously.

The transition to IFRS resulted in a decrease in both profit from operations and profit before tax for the year ended 30 April 2005 of £4.7 million compared with UK GAAP, due to the recognition of pension costs in accordance with IAS 19 (Employee Benefits). Profit after tax for that year decreased by £7.2 million as a result of further finance costs relating to the pension scheme.

Equity shareholders' funds at 30 April 2005 decreased by £30.6 million under IFRS compared to UK GAAP, due to the recognition of a pension deficit under IAS 19.

### **Prompt payment policy**

It is the company's policy to negotiate terms with its suppliers in all sectors and to ensure that they know the terms on which payments will take place when the business is agreed. It is our Policy to abide by these terms.

### **Disclosure of information to the auditors**

The directors are not aware of any relevant audit information of which the company's auditors are unaware.

The directors have also taken all the steps they consider necessary in order to be aware of any relevant audit information 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 provision of s234ZA of the CA1985.

### **Auditors**

A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Clifford Chance London Limited

28 February 2007

## **Clifford Chance London Limited**

### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Clifford Chance London Limited**

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

We have audited the financial statements of Clifford Chance London Limited for the year ended 30 April 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

*Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).*

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Clifford Chance London Limited**

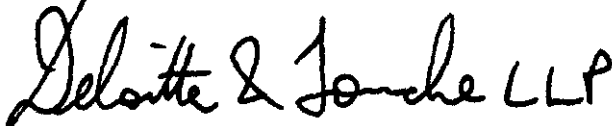
### **Independent auditors' report to the members of Clifford Chance London Limited**

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 April 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**Deloitte & Touche LLP**

A large, stylized handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Chartered Accountants and Registered Auditors  
London

**28** February 2007



# Clifford Chance London Limited

## Income statement Year ended 30 April 2006

	Note	2006 £'000	2005 £'000
Income	1, 3	188,150	170,442
Administrative expenses	3	(159,911)	(175,139)
<b>Operating profit/(loss)</b>		<b>28,239</b>	<b>(4,697)</b>
Finance costs	7	(2,431)	(2,514)
<b>Profit/(loss) from operations before tax</b>	2	<b>25,808</b>	<b>(7,211)</b>
Tax expense	4	-	-
<b>Profit/(loss) after tax for the financial year</b>		<b>25,808</b>	<b>(7,211)</b>

All profits arise from continuing operations. There is no difference between the profit on ordinary activities before taxation, the retained profit for the year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than the profits and losses above and therefore no separate statement of total recognised gains and losses has been presented.

# Clifford Chance London Limited

## Balance sheet 30 April 2006

	Note	2006 £'000	2005 £'000
<b>Current assets</b>			
Trade and other receivables	5	21,161	20,407
Cash and cash equivalents		5,429	50
<b>Total Assets</b>		<u>26,590</u>	<u>20,457</u>
<b>Current liabilities</b>			
Trade and other payables	6	(25,501)	(20,468)
<b>Non-current liabilities</b>			
Retirement benefit obligation	7	(4,804)	(30,612)
<b>Total Liabilities</b>		<u>(30,305)</u>	<u>(51,080)</u>
<b>Net liabilities</b>		<u>(3,715)</u>	<u>(30,623)</u>
<b>Equity</b>			
Share capital	8	1,100	-
Retained earnings	9	(4,815)	(30,623)
<b>Total equity</b>		<u>(3,715)</u>	<u>(30,623)</u>

These financial statements were approved by the Board of Directors on 23 February 2007.

Signed on behalf of the Board of Directors



Chris Perrin  
Director

# Clifford Chance London Limited

## Cash flow statement Year ended 30 April 2006

	Note	2006 £'000	2005 £'000
Net cash inflow/(outflow) from operating activities	10	4,279	(119)
Financing activities		-	-
Proceeds from issue of shares		1,100	-
Net increase/(decrease) in cash and cash equivalents	11	5,379	(119)
Cash and cash equivalents at beginning of year		50	169
Cash and cash equivalents at end of year		5,429	50

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 1. Accounting policies

The financial statements have been prepared in accordance with International Reporting (IFRS) for the first time. The required disclosures concerning the transition from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS are given in note 14. The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU International Accounting Standards (IAS) regulation.

The financial statements have been prepared on the historical cost basis.

The accounting policies set out below have been applied consistently to all periods in these financial statements and in preparing the opening IFRS balance sheet as at 1 May 2004 for the purposes of the transition to Adopted IFRS's.

#### Transition to Adopted IFRS's

The company is required to determine its IFRS accounting policies and apply them retrospectively to establish their opening balance sheets under IFRS at the date of transition. IFRS 1 First-time Adoption of International Financial Reporting Standards allow a number of exemptions on adoption of IFRS for the first time. The company has not taken any exemptions as permitted by IFRS 1.

#### Pension Scheme

Clifford Chance London Limited operates a defined benefit scheme based on final pay and pensionable service at retirement. The scheme's assets are invested independently of the company. Contribution levels to the scheme are as advised by independent actuaries. The most recent actuarial valuation of the scheme's assets was performed as at 30 April 2004, and on actuary's advice the present funding rate will remain at 8%. The company provides no other post retirement benefits to its employees.

A full actuarial valuation of the Scheme was carried out as at 30 April 2004 and updated to 30 April 2006 by a qualified independent actuary.

Pension costs in relation to defined benefit schemes are now recognised in accordance with International Accounting Standard 19 - Employee Benefits. Previously, pension contributions were accounted for only as they became payable. The impact on the 2005/06 accounts as a result of adopting IAS 19 has been to increase the net profit for the year by £25.8 million and to recognise a liability of £4.8 million in relation to the deficit in the London scheme.

The cost of providing these benefits is determined using the Projected Unit Method. Full actuarial valuations are carried out every three years and the Scheme actuary updates these at each balance sheet date.

The net periodic pension cost, including the amortisation of the unrecognised obligation described below, is charged to the income statement. Past service cost is recognised immediately in the income statement to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits become vested.

The full retirement benefits obligation represents the present value of the obligation to provide benefits, as adjusted for unrecognised past service cost, less the fair value of the Scheme's assets. The cumulative amount of this obligation which has resulted from actual experience difference from the actuarial assumptions, less an allowance amounting to the greater of 10% of the obligation and 10% of the value of the Scheme's assets, is charged to the income statement and recognised as a liability over the estimated remaining service lives of Scheme members. Accordingly, the balance sheet liability represents the full retirement benefits obligation less the amount that has yet to be amortised.

#### Turnover

Turnover, which is stated net of VAT, represents amounts earned and invoiced to the partnership of Clifford Chance LLP in the United Kingdom.

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 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.

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 FRS 19.

### 2. Profit/(loss) from operation before tax

	2006 £'000	2005 £'000
Profit/(loss) from operation before tax stated after charging:		
Audit fee	9	10

No non-audit services were provided by the auditors to the company in the year (2005: £nil).

None of the directors received any remuneration for services as a director of Clifford Chance London Limited. (2005: £nil)

### 3. Administrative expenses

	2006 £'000	2005 £'000
Administrative expenses include the following in respect of staff costs:		
Wages and salaries	131,978	124,304
Social security costs	15,140	14,503
Other pension (credits)/costs	(17,469)	16,279
	129,649	155,086

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

	2006 No.	2005 No.
Lawyers	823	763
Trainee solicitors	202	205
Support staff	1,357	1,271
	2,382	2,239

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 4. Tax expense

	2006 £'000	2005 £'000
Corporation tax on profit for the year at 30%	-	-

The tax charge for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2005: 30%). The differences are explained below.

	2006 £'000	2005 £'000
Profit/ (loss) on ordinary activities before tax	25,808	(7,211)
Tax at 30% thereon	7,742	(2,163)
Effects of:		
Net credit/ (charge) to the income statement in respect of the application of IFRS 19	(4,511)	5,638
Pension contributions made during the year	(3,231)	(3,475)
Tax on transfer pricing adjustment	1,233	942
Payable by Clifford Chance LLP for tax on transfer pricing adjustment	(1,233)	(942)
	-	-

Under the UK-UK transfer pricing legislation introduced in FA 2004 the directors recognise that the company has not charged Clifford Chance LLP, the controlling shareholder, at an arm's length charge for the services rendered to the LLP. Although no increase is proposed in the management fee in respect of the year ended 30 April 2006, it is recognised that a profit will, for tax purposes be deemed to arise in the company and will be material in the context of the company's net assets. However the company has received an undertaking from Clifford Chance LLP that the corporation tax liability on the adjusted profit will be borne by the LLP and so no provision for the liability is therefore made in the company's accounts.

### 5. Trade and other receivables

	2006 £'000	2005 £'000
Amounts due from ultimate parent undertaking	20,355	19,297
Receivables	668	635
Prepayments	138	475
	21,161	20,407

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 6. Current liabilities

	2006 £'000	2005 £'000
Trade payables	-	2
Corporation tax	751	942
Other taxation and social security	5,946	4,064
VAT	2,888	2,344
Accruals	15,916	13,116
	<u>25,501</u>	<u>20,468</u>

### 7. Retirement benefit obligation

Certain employees of Clifford Chance London Limited participate in a pension scheme (the "Scheme") of which Clifford Chance Pension Trusts Limited is the trustee providing benefits based on final pensionable salary and pensionable service. The assets of the Scheme are held separately from those of the Firm. The Scheme is closed to new members.

Payments into the Scheme are assessed in accordance with the advice of an independent qualified actuary with the funding rate intended to enable the Scheme to be fully funded over time. Because the Scheme has a membership with an average of 25 years to retirement, there remain many years of contribution at the level advised by the Scheme actuary to provide the funding that will be required to meet its liabilities as they fall due.

A full actuarial valuation of the Scheme was carried out as at 30 April 2004 and updated to 30 April 2006 by a qualified independent actuary. The key assumptions used in updating these calculations are set out below:

	2006	2005
Long term rate of return on assets	7.5%	7.5%
Discount rate	5.2%	5.3%
Rate of salary inflation	N/A	5.3%
Future pension increases - pensions accrued prior to 30 April 2005	2.8%	2.8%
Future pension increases - pensions accrued after to 30 April 2005	2.2%	2.0%

The factors which have the most significant effect on the valuation are the discount rate and the amount by which the discount rate exceeds the assumed rate of pension increases.

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 7. Retirement benefit obligation (continued)

Amounts recognised in the income statement are as follows:

	2006 £'000	2005 £'000
Current service costs	11,269	12,874
Recognised net actuarial losses	4,600	3,405
Past service credit*	(33,338)	-
(Credit)/charge shown under staff and related costs	(17,469)	16,279
Interest on obligations	12,056	10,747
Expected return on plan assets	(9,625)	(8,233)
Charge shown under net financing costs	2,431	2,514
Net (credit)/charge to income statement	(15,038)	18,793

\* With effect from April 2006, the Scheme rules were changed to cap future increases in pensionable salary to inflation. This has resulted in a past service credit of £33.3 million in the year to 30 April 2006.

The amount included in the balance sheet arising from the firm's obligation in respect of the Scheme is as follows:

	2006 £'000	2005 £'000
Present value of defined benefit obligation	218,872	222,752
Fair value of plan assets	(168,282)	(123,860)
Present value of net obligation	50,590	98,892
Unrecognised actuarial losses	(45,786)	(68,280)
Liability for defined benefit	4,804	30,612



# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 7. Retirement benefit obligation (continued)

Movements in the net liability recognised in the balance sheet were as follows:

	2006 £'000	2005 £'000
Net liability at 1 May as originally reported	-	-
Effect of prior year adjustment	30,612	23,401
Adjusted net liability at 1 May	30,612	23,401
Contributions made	(10,770)	(11,582)
(Credit)/charge recognised in the income statement	(15,038)	18,793
Net liability at 30 April	4,804	30,612

Movements in the present value of defined benefit obligation in the current year were as follows:

	2006 £'000	2005 £'000
At the beginning of the year	222,752	182,934
Interest on obligation	12,056	10,747
Service cost	11,269	12,874
Actuarial gains and losses	7,944	17,844
Benefits paid	(1,811)	(1,647)
Past service credit	(33,338)	-
At the end of the year	218,872	222,752

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 7. Retirement benefit obligation (continued)

Movements in the fair value of Scheme assets were as follows:

	2006 £'000	2005 £'000
At the beginning of the year	123,860	104,803
Expected return on Scheme assets	9,625	8,233
Actuarial gains and losses	25,838	889
Contributions made	10,770	11,582
Benefits paid	(1,811)	(1,647)
At the end of the year	<u>168,282</u>	<u>123,860</u>

The fair value of Scheme assets and the expected rate of return were as follows:

	30 April 2006			30 April 2005		
	Expected rate or return %0	Value £'000	% of total value	Expected rate or return £%	Value £'000	% of total value
Equities	8.0%	131,923	78%	8.0%	95,407	77%
Bonds	5.2%	28,012	17%	5.3%	23,286	19%
Other assets	7.5%	8,347	5%	7.5%	5,167	4%
	<u>7.5%</u>	<u>168,282</u>		<u>7.5%</u>	<u>123,860</u>	

The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected returns are set by reference to market indicators, including price inflation, dividend yields, economic growth, yields on index-linked gilts and bonds and interest rates.

The following table summarises the history of experience gains and losses:

	2006 £'000	2005 £'000	2004 £'000
Present value of defined benefit obligations	218,872	222,752	182,934
Fair value of Scheme assets	(168,282)	(123,860)	(104,803)
Present value of net obligations	<u>50,590</u>	<u>98,892</u>	<u>78,131</u>
Experience adjustment on Scheme liabilities: Increase in Scheme liabilities (£000's)	7,944	17,844	17,920
Fair value of Scheme liabilities (%)	<u>4%</u>	<u>8%</u>	<u>10%</u>
Experience adjustment on Scheme assets: Increase in Scheme assets (£000's)	25,838	889	13,268
Fair value of Scheme assets (%)	<u>15%</u>	<u>1%</u>	<u>13%</u>

The estimated amount of contribution expected to be paid to the Scheme during the financial year ending 30 April 2007 is £10.4 million (2006: £10.8 million).

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 8. Called up share capital

	2006 £'000	2005 £'000
<b>Authorised share capital:</b>		
100,000 shares of £1 each	100	100
<b>Allotted, called up and fully paid</b>		
1,100,000 shares of £1 each	1,100	-

On 30 November 2005 the company issued 1,099,998 ordinary shares at £1 each for total consideration of £1,099,998.

### 9. Statement of movements in equity

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 May 2004	-	(23,412)	(23,412)
Retained loss for 2005	-	(7,211)	(7,211)
Balance at 30 April 2005	-	(30,623)	(30,623)
Balance at 1 May 2005	-	(30,623)	(30,623)
Capital introduced	1,100	-	1,100
Retained profit	-	25,808	25,808
Balance at 30 April 2006	1,100	(4,815)	(3,715)

### 10. Reconciliation of profit/(loss) from operations to net cash from operating activities

	2006 £'000	2005 £'000
Profit/(loss) from operations	28,239	(4,697)
(Increase)/decrease in debtors and prepayments	(945)	2,003
Increase/(decrease) in creditors and accruals	5,224	(2,122)
Adjustment for pension obligation	(28,239)	4,697
Net cash inflow/(outflow) from operating activities	4,279	(119)

### 11. Reconciliation of net cashflow to movement in net funds

	2006 £'000	2005 £'000
Net funds at start of year	50	169
Increase/(decrease) in cash in the year	5,379	(119)
Net funds at end of year	5,429	50

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 12. Interest in group undertakings

Clifford Chance London Limited holds all of the issued ordinary £1 share capital of Clifford-Turner Limited, a dormant company registered in England and Wales. Group accounts have not been prepared as the activities of the subsidiary are immaterial.

### 13. Ultimate parent undertaking

The company is beneficially owned by the partners of Clifford Chance LLP a Limited Liability Partnership, registered in England & Wales. Clifford Chance London Limited provided employees to the Clifford Chance partnership in accordance with a service contract made between the two parties. All the company's material transactions derive from this relationship. At 30 April 2006 the amount due from Clifford Chance LLP to Clifford Chance London Limited was £20.4 million (30 April 2005: £19.3 million).

### 14. Restatement of financial information under International Financial Reporting Standards

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 April 2005 and the date of transition to IFRS was therefore 1 May 2004.

Reconciliation of income statement for the year ended 30 April 2005:

	Previously reported under UK GAAP £'000	IAS 19 pension £'000	under IFRS £'000
Revenue	170,442	-	170,442
Administration expenses	(170,442)	(4,697)	(175,139)
<b>Operating (loss)</b>	-	(4,697)	(4,697)
Finance costs	-	(2,514)	(2,514)
<b>Loss before tax</b>	-	(7,211)	(7,211)
Tax	-	-	-
<b>Loss for the period</b>	-	(7,211)	(7,211)
<b>Balance sheet at 30 April 2004</b>			
Trade and other receivables	21,468	-	21,468
Cash and cash equivalents	168	-	168
<b>Total current liabilities</b>	(11)	-	(11)
Retirement benefits obligation	-	(23,401)	(23,401)
<b>Net liabilities</b>	(11)	(23,401)	(23,412)
Share capital	-	-	-
Retained earnings	(11)	(23,401)	(23,412)
<b>Total equity</b>	(11)	(23,401)	(23,412)

# Clifford Chance London Limited

## Notes to the accounts Year ended 30 April 2006

### 14. Restatement of financial information under International Financial Reporting Standards (continued)

Balance sheet as at 30 April 2005:

	Previously reported under UK GAAP £'000	Tax gross up £'000	IAS 19 pension £'000	under IFRS £'000
Trade and other receivables	19,465	942	-	20,407
Cash and cash equivalents	50	-	-	50
<b>Total current assets</b>	<b>19,515</b>	<b>942</b>	<b>-</b>	<b>20,457</b>
Trade and other payables	(19,526)	(942)	-	(20,468)
<b>Net current liabilities</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>(11)</b>
Retirement benefits obligation	-	-	(30,612)	(30,612)
<b>Net liabilities</b>	<b>(11)</b>	<b>-</b>	<b>(30,612)</b>	<b>(30,623)</b>
Share capital	-	-	-	-
Retained earnings	(11)	-	(30,612)	(30,623)
<b>Total equity</b>	<b>(11)</b>	<b>-</b>	<b>(30,612)</b>	<b>(30,623)</b>

The transition to IFRS resulted in a decrease in both profit from operations and profit before tax for the year ended 30 April 2005 of £4.7 million compared with UK GAAP, due to the recognition of pension costs in accordance with IAS 19 (Employee Benefits). Profit after tax for that year decreased by £7.2 million as a result of further finance costs relating to the pension scheme.

Equity shareholders' funds at 30 April 2005 decreased by £30.6 million under IFRS compared to UK GAAP, due to the recognition of a pension deficit under IAS 19.