

Company Registration No: 3375920

Clifford Chance London Limited

Annual Report and Financial Statements

30 April 2015

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Clifford Chance London Limited

Annual report and Financial statements 2015

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Clifford Chance London Limited

Annual Report and financial statements 2015

Officers and professional advisers

The directors are listed in the Directors' Report.

Secretary

TMF Corporate Secretarial Services

Registered Office

10 Upper Bank Street
London
E14 5JJ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Clifford Chance London Limited

Strategic report

To the members of Clifford Chance London Limited.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities and business review

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

The principal activity of the company is the supply of personnel, premises and other services to 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 2015 and propose to continue with the current activities in the next financial year.

The profit and loss account for the year is set out on page 7, and the balance sheet on page 9.

Turnover for the year was £288.4m (2014: £270.0m). The profit on ordinary activities before taxation for the year was £24.4m (2014: £14.7m). The average number of staff employed by the company was 1,752 (2014: 1,757) people.

Results and dividends

The profit and loss account for the year is set out on page 7.


No dividends have been paid or proposed for the year ended 30 April 2015 (2014: £nil).

Going Concern

The directors have considered the appropriateness of continuing to adopt the going concern basis as set out in note 1 to the financial statements.

Approval

This report was approved by the board of directors on 3 December 2015 and signed on its behalf by:


C.C. PERRIN

3 December 2015

Clifford Chance London Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2015.

Directors

The directors of the company who served during the year and up to the date of approval of the financial statements were:

D J Bickerton

D Dunnigan (resigned 14 January 2015)

D Harkness

M Layton

C C Perrin

J V Sandelson

M J Sweeting

All of the directors listed above, as members of Clifford Chance LLP, have an interest in the entire share capital of the company at the beginning and end of the financial year.

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.

The company employs disabled persons where the requirement 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 appropriate training.

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

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 information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

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


C.C. PERRIN

3 December 2015

Clifford Chance London Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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. They 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.

Clifford Chance London Limited

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

Report on the financial statements

Our opinion

In our opinion, Clifford Chance London Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 30 April 2015;
- the Profit and Loss Account and the Statement of Comprehensive Income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Clifford Chance London Limited

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, 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.

What an audit of financial statements involves

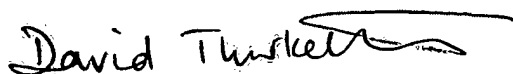
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and financial statements 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



David Thurkettle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

3 December 2015

Clifford Chance London Limited

Profit and loss account Year ended 30 April 2015

	Note	2015 £000's	2014 £000's
Turnover		288,440	269,984
Operating expenses	3	(256,734)	(248,085)
Operating profit		31,706	21,899
Interest payable and similar charges	9	(7,305)	(7,199)
Profit on ordinary activities before taxation		24,401	14,700
Tax on profit on ordinary activities	4	(3,922)	(2,146)
Profit for the financial year		20,479	12,554

All results arise from continuing operations.

Clifford Chance London Limited

Statement of comprehensive income Year ended 30 April 2015

	Notes	2015 £000's	2014 £000's
Profit for the financial year		20,479	12,554
Items that will not be reclassified subsequently to the profit and loss account:			
Actuarial loss on defined benefit pension scheme	9	(39,571)	(7,866)
Deferred tax relating to items not reclassified	6	(7)	7,984
Total comprehensive (expenses)/income for the year attributable to the owners of the company		(19,099)	12,672

Clifford Chance London Limited

Registered no. 3375920

Balance sheet

30 April 2015

		2015 £000's	2014 £000's
	Notes		
Non-current assets			
Property, plant and equipment	5	1,216	-
Deferred tax asset	6	7,977	7,984
Total non-current assets		9,193	7,984
Current assets			
Debtors	7	71,676	57,948
Cash at bank and in hand		5,517	4,981
Total current assets		77,193	62,929
Total assets		86,386	70,913
Creditors: Amounts falling due within one year:			
Current tax liability		(1,899)	(2,867)
Trade creditors	8	(28,617)	(27,117)
Total current liabilities		(30,516)	(29,984)
Net current assets		46,677	32,945
Creditors: Amounts falling due after more than one year:			
Retirement benefit liability	9	(204,616)	(170,576)
Total liabilities		(235,132)	(200,560)
Net liabilities		(148,746)	(129,647)
Capital and reserves			
Called up share capital	11	1,100	1,100
Profit and loss account		(149,846)	(130,747)
Total shareholders' funds		(148,746)	(129,647)

The financial statements were approved by the board of directors and authorised for issue on 3 December 2015. They were signed on its behalf by:

C. C. Perrin
C.C. PERRIN

Director

Clifford Chance London Limited

Statement of changes in equity Year ended 30 April 2015

	Called up share capital £000's	Profit and loss account £000's	Total shareholders' funds £000's
Balance at 1 May 2013	1,100	(143,419)	(142,319)
Profit for the financial year	-	12,554	12,554
Other comprehensive income for the year	-	118	118
Total comprehensive income for the year	-	12,672	12,672
Balance at 30 April 2014	1,100	(130,747)	(129,647)
Profit for the financial year	-	20,479	20,479
Other comprehensive expense for the year	-	(39,578)	(39,578)
Total comprehensive expense for the year	-	(19,099)	(19,099)
Balance at 30 April 2015	1,100	(149,846)	(148,746)

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

1. Accounting policies

The company is incorporated in the United Kingdom. The address of the registered office is given on page 1.

Clifford Chance Limited is a private limited company incorporated and domiciled in England and Wales.

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

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding financial years.

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 101 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in group accounts at Clifford Chance LLP. The group accounts of Clifford Chance LLP are available to the public and can be obtained as set out in note 13.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Going concern

After making enquiries and taking into account possible changes in trading performance 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. In arriving at this conclusion the directors have taken account the fact that the company's ultimate parent undertaking, Clifford Chance LLP, has confirmed that it will continue to provide support to the company to meet its obligations as they fall due for as long as the company is its subsidiary undertaking. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover, which is stated net of VAT, represents amounts receivable from Clifford Chance LLP in the United Kingdom, together with rental income from subtenants.

Turnover is recognised as services are provided, or rental income falls due.

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:

Leasehold improvements and fitting out costs - 10 - 15 years, or life of lease if shorter

Taxation

Corporation 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 IAS 12.

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 accounts relate to the valuation of the defined benefit pension scheme.

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

1. Accounting policies (continued)

Pension scheme

The defined benefit scheme, the assets of which are held in separate trustee-administered funds, is funded by payments from the employer, taking account of the recommendations of an independent qualified actuary. The defined benefit scheme is closed.

Full actuarial valuations of the scheme are carried out every three years and the scheme actuary updates these at each balance sheet date based on information prepared by the company. The assumptions are set out in note 9 and have been determined having taken advice from the independent actuary.

The defined benefit scheme is accounted for under IAS 19 (revised): Employee Benefits.

The retirement benefits obligation represents the present value of the obligation to provide benefits, less the fair value of the scheme's assets. The financing costs of the scheme are recognised in the profit and loss account and actuarial gains and losses are recognised in full in the statement of comprehensive income. Net interest is calculated by applying the discount rate to the net defined pension liability.

Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

2. Audit fees

Fees payable for the audit of the annual financial statements were £7,500 (2014: £7,500).

No non-audit services were provided by the auditor to the company in the year (2014: £nil).

3. Staff and related costs

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

	2015 No.	2014 No.
Lawyers	730	741
Trainee solicitors	166	167
Support staff	856	849
	<u>1,752</u>	<u>1,757</u>
	2015 £'000	2014 £'000

Operating expenses include the following:

Wages and salaries	127,389	123,560
Social security costs	14,851	14,522
Other staff costs	29,079	23,454
Contributions to defined contribution plans	8,813	8,796
Total staff costs	<u>180,132</u>	<u>170,332</u>

None of the directors received any remuneration for services as a director of Clifford Chance London Limited (2014: £nil).

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

4. Tax on profit on ordinary activities

	2015 £'000	2014 £'000
Corporation tax on profit for the year at 20.92% (2014: 22.83%)	3,921	2,146
Prior year adjustments	1	-
Tax charge for the year	3,922	2,146

The tax charge for the year is lower than that resulting from applying the standard rate of corporation tax in the UK: 20.92% (2014: 22.83%). The differences are explained below.

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	24,401	14,700
Tax at 20.92% (2014: 22.83%) thereon	5,105	3,357
Effects of:		
Net charge to the profit and loss account in respect of the application of IAS 19	1,528	1,644
Pension contributions made during the year	(2,685)	(2,855)
Tax on transfer pricing adjustment	-	2,020
Prior year adjustments	1	(54)
Payable by Clifford Chance LLP for tax on transfer pricing adjustment	-	(1,966)
Group relief claimed for no payment	(27)	-
Tax charge for the year	3,922	2,146

The directors recognise that for the period in the prior year from 1 May 2013 to 24 October 2013, the company has not charged Clifford Chance LLP, the controlling shareholder, an arm's length charge for the services rendered to the LLP. From 25 October 2013 onwards, the company did charge Clifford Chance LLP on an arm's length basis. Although no increase was made to the management fee in respect of the period up to 24 October 2013, 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 was made in the company's financial statements.

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014. A further reduction from 21% to 20% from 1 April 2015 has also been substantively enacted and therefore deferred tax has been recognised at 20%.

Clifford Chance London Limited

Notes to the financial statements Year ended 30 April 2015

5. Property, plant and equipment

	Leasehold Improvements £'000	Total £'000
<i>Cost</i>		
Balance at 1 May 2014	-	-
Additions	1,237	1,237
	<u>1,237</u>	<u>1,237</u>
Balance at 30 April 2015	<u>1,237</u>	<u>1,237</u>
<i>Accumulated depreciation</i>		
Balance at 1 May 2014	-	-
Depreciation for the year	21	21
	<u>21</u>	<u>21</u>
Balance at 30 April 2015	<u>21</u>	<u>21</u>
<i>Carrying amount</i>		
At 30 April 2014	-	-
At 30 April 2015	<u>1,216</u>	<u>1,216</u>

6. Deferred tax

Deferred tax asset movements during the current year were as follows:	£'000
At 1 May 2013	-
Charge to other comprehensive income and losses	7,984
At 30 April 2014	<u>7,984</u>
Charge against other comprehensive income and losses	(7)
At 30 April 2015	<u>7,977</u>

The deferred tax asset has been recognised in respect of temporary differences relating to the defined benefit pension scheme.

7. Debtors

	2015 £'000	2014 £'000
Amounts due from ultimate parent undertaking	60,239	49,247
Other debtors	2,815	839
Prepayments	8,622	7,862
	<u>71,676</u>	<u>57,948</u>

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

8. Trade creditors

	2015 £'000	2014 £'000
Other taxation and social security	7,824	6,764
Accruals	20,793	20,353
	<u>28,617</u>	<u>27,117</u>

9. Retirement benefit liability

Clifford Chance Pension Trustees Limited is the trustee of a defined benefit scheme in which certain employees of Clifford Chance London Limited participated ("the Scheme"). The Scheme was closed to future accrual with effect from 30 April 2011. The assets of the Scheme are held separately from those of the group.

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.

A full actuarial valuation of the Scheme was carried out as at 30 April 2013 by a qualified independent actuary. The key assumptions used in updating these calculations are set out below:

	2015	2014
Discount rate	3.70%	4.45%
Future pension increases - pensions accrued prior to 30 April 2005	3.00%	3.20%
Future pension increases - pensions accrued after 30 April 2005	2.10%	2.20%
Price inflation	3.15%	3.35%

Mortality assumptions in both years have been based on SAPS-Light tables with CMI 2012 improvements, projected according to each member's year of birth.

The assumption for both years include an allowance for increased longevity, assuming a long-term rate of improvement of 1.0% per annum.

The assumed life expectations on retirement at age of 65 are:

	2015	2014
Retiring today		
Males	88.7	88.6
Females	90.0	89.9
Retiring in 20 years		
Males	90.0	89.9
Females	91.5	91.4

The amount recognised in the profit and loss account was as follows:

	2015 £'000	2014 £'000
Interest on net defined benefit liability, charge within financing costs	7,305	7,199

The amount recognised in the statement of comprehensive income and losses was as follows:

	2015 £'000	2014 £'000
Actuarial losses on the Scheme liabilities arising from changes in financial assumptions	(78,879)	-
Actuarial gains/(losses) on the Scheme liabilities arising from changes in experience	13,752	(12,912)
Actuarial gains/(losses) on the Scheme liabilities arising from changes in demographic assumptions	9,193	(3,229)
Actuarial return on the Scheme assets in excess of that in recognised net interest	16,363	8,275
Loss recognised in the statement of comprehensive income and losses	<u>(39,571)</u>	<u>(7,866)</u>

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

9. Retirement benefit liability (continued)

The liability included in the balance sheet was as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligation	580,731	508,418
Fair value of plan assets	(376,115)	(337,842)
Present value of net obligation	<u>204,616</u>	<u>170,576</u>

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

	2015 £'000	2014 £'000
Net liability at the beginning of the year	170,576	168,015
Contributions made	(12,836)	(12,504)
Charge recognised in the profit and loss account	7,305	7,199
Total loss recognised in the statement of comprehensive income	<u>39,571</u>	<u>7,866</u>
Net liability at the end of the year	<u>204,616</u>	<u>170,576</u>

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

	2015 £'000	2014 £'000
At the beginning of the year	508,418	475,706
Interest on obligations	22,489	21,069
Actuarial losses on the Scheme liabilities arising from changes in financial assumptions	78,879	-
Actuarial (gains)/losses on Scheme liabilities arising from changes in experience	(13,752)	12,912
Actuarial (gains)/losses on Scheme liabilities arising from changes in demographic assumptions	(9,193)	3,229
Benefits paid	<u>(6,110)</u>	<u>(4,498)</u>
At the end of the year	<u>580,731</u>	<u>508,418</u>

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

	2015 £'000	2014 £'000
At the beginning of the year	337,842	307,691
Interest income on Scheme assets	15,184	13,870
Actuarial return on Scheme assets in excess of that in recognised net interest	16,363	8,275
Contributions made	12,836	12,504
Benefits paid	<u>(6,110)</u>	<u>(4,498)</u>
At the end of the year	<u>376,115</u>	<u>337,842</u>

Clifford Chance London Limited

Notes to the financial statements Year ended 30 April 2015

9. Retirement benefit liability (continued)

The assets held by the Scheme were as follows:

	2015 Value £'000	% of total value	2014 Value £'000	% of total value
Equities	271,547	72%	244,411	72%
Bonds	65,252	17%	59,633	18%
Other assets	39,316	11%	33,798	10%
At the end of the year	<u>376,115</u>		<u>337,842</u>	

Based on the latest actuarial valuation as at 30 April 2013, the employer has agreed that it will aim to have eliminated the Scheme's deficit (as assessed on the ongoing funding basis) by 30 September 2024. The estimated amount of employer's contributions expected to be paid to the Scheme in respect of the year ending 30 April 2016 is £13 million, and thereafter contributions will increase each year with RPI.

The weighted average duration of the defined benefit obligation is around 28 years.

Sensitivities

The key assumption used for the actuarial valuation are the discount rate, inflation and mortality. If different assumptions were used this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows:

	2015 £'000	2014 £'000
<i>Discount rate less 0.25% per annum</i>		
Present value of defined benefit obligation	620,700	544,313
Fair value of assets	(376,115)	(337,842)
Revised net pension liability	<u>244,585</u>	<u>206,471</u>
Revised total charge to the profit and loss account	<u>8,800</u>	<u>8,900</u>
<i>RPI inflation rate plus 0.25% per annum</i>		
Present value of defined benefit obligation	616,367	539,964
Fair value of assets	(376,115)	(337,842)
Revised net pension liability	<u>240,252</u>	<u>202,122</u>
Revised total charge to the profit and loss account	<u>8,700</u>	<u>8,700</u>
<i>Mortality assumption with 1.25% per annum long term rate of improvement</i>		
Present value of defined benefit obligation	591,591	516,807
Fair value of assets	(376,115)	(337,842)
Revised net pension liability	<u>215,476</u>	<u>178,965</u>
Revised total charge to the profit and loss account	<u>7,700</u>	<u>7,700</u>

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

9. Retirement benefit liability (continued)

The sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the Scheme's membership. If a more accurate approach had been taken to determine the sensitivities then the results might be slightly different to those shown above.

Risks

The company is exposed to a number of risks through the Scheme, of which the most significant are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (including equities, diversified growth funds and property) which are expected to outperform corporate bonds in the long-term while resulting in volatility and risk in the short-term. The allocation to growth assets is monitored such that it is consistent with the Scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the Scheme's liabilities, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk

The majority of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in the life expectancy will result in an increase in the liabilities.

Clifford Chance London Limited

Notes to the financial statements

Year ended 30 April 2015

10. Operating leases

Lease payments under operating leases recognised in the profit and loss account for the year:

	2015 £'000	2014 £'000
Property rent and charges	47,181	47,071

At the balance sheet date, outstanding commitments under non-cancellable operating leases were as follows:

	2015 £'000	2014 £'000
Property rent and charges		
Less than one year	46,601	46,588
Between one and five years	186,406	186,649
More than five years	384,462	431,625
	<u>617,469</u>	<u>664,862</u>

11. Called up share capital

	2015 £'000	2014 £'000
Authorised share capital:		
1,100,000 shares of £1 each (2014: 1,100,000)	1,100	1,100
Allotted, called up and fully paid:		
1,100,000 shares of £1 each (2014: 1,100,000)	1,100	1,100

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 financial statements have not been prepared as the activities of the subsidiary are immaterial.

13. Ultimate parent undertaking

The company is beneficially owned by Clifford Chance LLP, a limited liability partnership registered in England and Wales. Clifford Chance London Limited provided services to Clifford Chance in accordance with a service contract made between the two parties. All the company's material transactions derive from this relationship. At 30 April 2015 the amount due from Clifford Chance LLP to Clifford Chance London Limited was £60.2 million (2014: £49.2 million).

The smallest and largest group into which the results of Clifford Chance London 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 Clifford Chance LLP can be obtained from 10 Upper Bank Street, London, E14 5JJ.