Company Registration No: 3375920

Clifford Chance London Limited

Annual Report and Financial Statements

Year ended 30 April 2018

Clifford Chance London Limited

Annual report and Financial statements
Year ended 30 April 2018

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Clifford Chance London Limited

Annual Report and financial statements
Year ended 30 April 2018

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

Year ended 30 April 2018

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 2018 and propose to continue with the current activities in the next financial year.

Principal risks and uncertainties

The Directors of Clifford Chance London Limited manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the Group, which include those of the company, are discussed in the Group's FY18 financial statements which does not form part of this report.

Key performance indicators (KPIs)

The Executive Leadership Group manages the Group's operations on an operating segment basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The development, performance and position of the Group are discussed in the Group's FY18 financial statements which does not form part of this report.

Results and dividends

The profit and loss account for the year is set out on page 9, and the balance sheet on page 11.

Turnover for the year was £306.3m (2017: £299.2m). The profit before taxation for the year was £29.2m (2017: £26.3m). The average monthly number of staff employed by the company was 1,721 (2017: 1,674) people. Net liabilities amounted to £141.7m (2017: £247.7m).

No dividends have been paid or proposed for the year ended 30 April 2018 (2017: £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 2018 and signed on its behalf by: DAVID HAWKER

Clifford Chance London Limited

Directors' report
Year ended 30 April 2018

The directors present their annual report and the audited financial statements for the year ended 30 April 2018.

Directors

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

M D Bates	(appointed 2 March 2018)
D J Bickerton	(resigned 16 April 2018)
H L Carty	(appointed 2 March 2018)
D Harkness	
C E Hoxey	(appointed 2 March 2018)
M Layton	
E L Matebalavu	(appointed 2 March 2018)
C C Perrin	
J V Sandelson	(resigned 28 February 2018)
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.

Clifford Chance London Limited

Directors' report (continued)
Year ended 30 April 2018

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 by: DAVID HARKNESS

3 December 2018

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;
- 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.

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 30 April 2018 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: the balance sheet as at 30 April 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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 Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.
Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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

5 December 2018

Clifford Chance London Limited

Profit and loss account
Year ended 30 April 2018

	Note	2018 £000	2017 £000
Turnover		**306,313**	**299,116**
Operating expenses	3	(268,635)	(266,384)
Operating profit		**37,678**	**32,732**
Interest payable and similar expenses	10	(8,526)	(6,399)
Profit before taxation		**29,152**	**26,333**
Tax on profit	4	(3,742)	(4,174)
Profit for the financial year		**25,410**	**22,159**

All results arise from continuing operations.

Clifford Chance London Limited

Statement of comprehensive income
Year ended 30 April 2018

	Note	2018 £000	2017 £000
Profit for the financial year		25,410	22,159
Items that will not be reclassified subsequently to the profit and loss account:			
Actuarial gain/(loss) on defined benefit pension scheme	10	47,277	(168,250)
Deferred tax relating to items not reclassified	7	33,248	7,062
Total comprehensive income/(expense) for the year		**105,935**	**(139,029)**

Clifford Chance London Limited
Registered no. 3375920

Balance sheet
As at 30 April 2018

	Note	2018 £000	2017 £000
Fixed assets			
Property, plant and equipment	5	34,240	35,305
Debtors	6	1,208	-
Deferred tax asset	7	47,298	14,048
Total fixed assets		**82,746**	**49,353**
Current assets			
Debtors	8	84,160	70,169
Cash at bank and in hand		7,119	6,840
Total current assets		**91,279**	**77,009**
Total assets		**174,025**	**126,362**
Creditors: Amounts falling due within one year:			
Taxation		(1,650)	(2,619)
Trade creditors	9	(31,305)	(30,448)
Total current liabilities		**(32,955)**	**(33,067)**
Net current assets		**58,324**	**43,942**
Creditors: Amounts falling due after more than one year:			
Retirement benefit liability	10	(282,793)	(340,953)
Total liabilities		**(315,748)**	**(374,020)**
Net liabilities		**(141,723)**	**(247,658)**
Capital and reserves			
Called up share capital	12	1,100	1,100
Profit and loss account		(142,823)	(248,758)
Total shareholders' deficit		**(141,723)**	**(247,658)**

The financial statements on pages 9 - 24 were approved by the board of directors and authorised for issue on 3 December 2018. They were signed on its behalf by: DAVID HARKNESS

Director

Clifford Chance London Limited

Statement of changes in equity
Year ended 30 April 2018

	Called up share capital £000	Profit and loss account £000	Total shareholders' deficit £000
Balance at 1 May 2016	1,100	(109,729)	(108,629)
Profit for the financial year	-	22,159	22,159
Other comprehensive expense for the year	-	(161,188)	(161,188)
Total comprehensive expense for the year	-	(139,029)	(139,029)
Balance at 30 April 2017	**1,100**	**(248,758)**	**(247,658)**
Profit for the financial year	-	25,410	25,410
Other comprehensive income for the year	-	80,525	80,525
Total comprehensive income for the year	-	105,935	105,935
Balance at 30 April 2018	**1,100**	**(142,823)**	**(141,723)**

1. Accounting policies

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

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

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 of 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. There are no plans to change the structure or activities of the company and given the nature of the company (as outlined in the Strategic report), it is likely that the company will remain a subsidiary undertaking of Clifford Chance LLP for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1. Accounting policies (continued)

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. Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

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	10 - 15 years, or life of lease if shorter
Property, plant & equipment	3 - 5 years

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 the tax expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that is probable that taxable profits will be available against which deductible temporary differences can be utilised in future. The carrying amount of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date in the relevant country. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the intention is to settle the current tax assets and liabilities on a net basis.
Current and deferred tax are recognised in the profit or loss statement, except when they relate to items that are recognised in the statement of comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in the statement of comprehensive income or directly in equity respectively.

Critical accounting estimates and key sources of estimation

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The critical accounting estimates and key sources of estimation applied in these financial statements relate to the valuation of the defined benefit pension scheme.

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 10 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 (2017: £7,500).
No non-audit services were provided by the auditors to the company in the year (2017: £nil).

3. Operating expenses

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

	2018 No.	2017 No.
Lawyers	625	644
Trainee solicitors	162	177
Support staff	934	853
	1,721	1,674

	2018 £'000	2017 £'000
Operating expenses include the following:		
Wages and salaries	146,319	141,241
Social security costs	17,938	16,547
Other staff costs	19,705	19,812
Contributions to defined contribution plans	10,121	9,540
Total staff costs	194,083	187,140

Depreciation of property, plant and equipment for the year was £4,211k (2017: £5,263k).

None of the directors received any remuneration for services as a director of Clifford Chance London Limited (2017: nil).

4. Tax on profit

	2018 £'000	2017 £'000
Corporation tax on profit for the year at 19% (2017: 19.92%)	3,630	4,088
Deferred tax (on accelerated CA's)	41	69
Prior year adjustments	71	17
Tax charge for the year	3,742	4,174

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. The differences are explained below.

	2018 £'000	2017 £'000
Profit before taxation	29,152	26,333
Tax at 19% (2017: 19.92%) thereon	5,539	5,245
Effects of:		
Net charge to the profit and loss account in respect of the application of IAS 19	1,620	1,275
Pension contributions made during the year	(3,688)	(2,622)
Prior year adjustments	71	17
Permanent disallowables (depreciation on ineligible additions)	200	259
Tax charge for the year	3,742	4,174

5. Property, plant and equipment

	Property, plant & equipment £'000	Leasehold Improvements £'000	Total £'000
Cost			
Balance at 1 May 2017	2,370	37,919	40,289
Additions	767	2,379	3,146
Disposals	-		-
Balance at 30 April 2018	3,137	40,298	43,435
Accumulated depreciation			
Balance at 1 May 2017	896	4,088	4,984
Depreciation for the year	923	3,288	4,211
Disposals			-
Balance at 30 April 2018	1,819	7,376	9,195
Carrying amount			
At 30 April 2017	1,474	33,831	35,305
At 30 April 2018	1,318	32,922	34,240

6. Debtors

	2018 £'000	2017 £'000
Amount due from Clifford Chance Nominees Ltd	1,208	-
	1,208	-

The loan was made to Clifford Chance Nominees Ltd on 14 February 2018, a wholly owned subsidiary of Clifford Chance LLP. Interest is charged on the loan at the higher of the annual rate of a) 0.1% or b) GBP LIBOR plus 2.5% for the period in respect of which the interest is being calculated. Interest shall accrue on a daily basis of a 365 day year, compounded on 30 April 2019 and annually thereafter. Interest shall accrue on the outstanding balance of the Loan from time to time and be payable in arrears on 30 April 2020 or such earlier time as the Loan is paid in full.

7. Deferred tax asset

Deferred tax asset movements during the current year were as follows:	£'000
At 1 May 2016	6,663
Credit to other comprehensive income	7,062
Accelerated capital allowances : prior year adjustment	391
Accelerated capital allowances : current year charge	(68)
At 30 April 2017	14,048
Credit to other comprehensive income	33,248
Accelerated capital allowances : prior year adjustment	(39)
Accelerated capital allowances : current year charge	41
At 30 April 2018	47,298

The deferred tax asset is recognised in respect of temporary differences relating to the defined benefit pension scheme. On 24 July 2017, it was agreed with the pension Trustees to make contributions to the Pension Scheme over the next ten years, which when taken together with future expected investment growth and other factors means that the Pension Scheme should be able to fully fund future pension obligations. The deferred tax asset has increased accordingly from £14m at 30 April 2017 to £48m at 30 April 2018.

8. Debtors

	2018 £'000	2017 £'000
Amounts due from ultimate parent undertaking	77,009	58,998
Other debtors	1,797	3,754
Prepayments	5,354	7,417
	84,160	70,169

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

9. Trade creditors

	2018 £'000	2017 £'000
Other taxation and social security	7,818	7,212
Accruals	23,487	23,236
	31,305	30,448

Clifford Chance London Limited

Notes to the financial statements
Year ended 30 April 2018

10. 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 2016 and updated to 30 April 2018 by a qualified independent actuary. The key assumptions used in updating these calculations are set out below:

	2018	2017
Discount rate	2.60%	2.60%
Future pension increases - pensions accrued prior to 30 April 2005	2.90%	3.10%
Future pension increases - pensions accrued after 30 April 2005	2.10%	2.20%
Price inflation	3.00%	3.20%

Mortality assumptions in both years have been based on SAPS Light tables with CMI 2017 improvements, projected according to each member's year of birth.
The assumptions 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:

	2018	2017
Retiring today		
Males	87.9	88.0
Females	89.7	89.8
Retiring in 20 years		
Males	88.9	89.1
Females	90.9	91.0

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

	2018 £'000	2017 £'000
Interest on net defined benefit liability, charge within financing costs	8,526	6,399

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

	2018 £'000	2017 £'000
Actuarial gain/(loss) on the Scheme liabilities arising from changes in financial assumptions	37,767	(236,501)
Actuarial (loss)/gain on the Scheme liabilities arising from changes in experience	(1,337)	1,684
Actuarial gains on the Scheme liabilities arising from changes in demographic assumptions	3,767	27,730
Actuarial gains on the Scheme assets in excess of that in recognised net interest	7,080	38,837
Gain/(loss) recognised in the statement of comprehensive income	47,277	(168,250)

10. Retirement benefit liability (continued)

The liability included in the balance sheet was as follows:

	2018 £'000	2017 £'000
Present value of defined benefit obligation	752,033	781,814
Fair value of plan assets	(469,240)	(440,861)
Present value of net obligation	282,793	340,953

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

	2018 £'000	2017 £'000
Net liability at the beginning of the year	340,953	179,468
Contributions made	(19,409)	(13,164)
Charge recognised in the profit and loss account	8,526	6,399
Total (gain)/loss recognised in the statement of comprehensive income	(47,277)	168,250
Net liability at the end of the year	282,793	340,953

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

	2018 £'000	2017 £'000
At the beginning of the year	781,814	559,212
Interest on obligations	20,201	20,598
Actuarial (gains)/losses on the Scheme liabilities arising from changes in financial assumptions	(37,767)	236,501
Actuarial loss/(gain) on Scheme liabilities arising from changes in experience	1,337	(1,684)
Actuarial gains on Scheme liabilities arising from changes in demographic assumptions	(3,767)	(27,730)
Benefits paid	(9,785)	(5,083)
At the end of the year	752,033	781,814

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

	2018 £'000	2017 £'000
At the beginning of the year	440,861	379,744
Interest income on Scheme assets	11,675	14,199
Actuarial gains on Scheme assets in excess of that in recognised net interest	7,080	38,837
Contributions made	19,409	13,164
Benefits paid	(9,785)	(5,083)
At the end of the year	469,240	440,861

10. Retirement benefit liability (continued)

The assets held by the Scheme were as follows:

	2018 Value £'000	% of total value	2017 Value £'000	% of total value
Equities	341,846	73%	325,614	74%
Bonds	67,091	14%	40,756	9%
Other assets	60,303	13%	74,491	17%
At the end of the year	469,240		440,861	

Based on the most recently completed actuarial valuation as at 30 April 2016, the company 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 the company's contributions expected to be paid to the Scheme in respect of the year ending 30 April 2019 is £17.5 million, and thereafter, contributions will increase each year with RPI. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed as at 30 April 2019. The weighted average duration of the defined benefit obligation is around 26 years.

Sensitivities

The key assumption used for the actuarial valuation are the discount rate, price 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:

	2018	2017
Discount rate less 0.25% per annum	£'000	£'000
Present value of defined benefit obligation	800,731	835,037
Fair value of assets	(469,240)	(440,861)
Revised net pension liability	331,491	394,176
Revised total charge to the profit and loss account	7,600	9,100

	2018	2017
RPI inflation rate plus 0.25% per annum	£'000	£'000
Present value of defined benefit obligation	794,219	827,991
Fair value of assets	(469,240)	(440,861)
Revised net pension liability	324,979	387,130
Revised total charge to the profit and loss account	8,200	9,900

	2018	2017
Mortality assumption with 1.25% per annum long term rate of improvement	£'000	£'000
Present value of defined benefit obligation	761,513	792,280
Fair value of assets	(469,240)	(440,861)
Revised net pension liability	292,273	351,419
Revised total charge to the profit and loss account	7,300	9,000

10. 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.

11. Operating leases

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

	2018 £'000	2017 £'000
Property rent and charges	48,186	47,588

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

	2018 £'000	2017 £'000
Property rent and charges		
Less than one year	46,910	46,049
Between one and five years	187,638	187,364
More than five years	246,615	293,096
	481,163	526,509

12. Called up share capital

	2018 £'000	2017 £'000
Authorised share capital:		
1,100,000 shares of £1 each (2017: 1,100,000)	1,100	1,100
Allotted, called up and fully paid:		
1,100,000 shares of £1 each (2017: 1,100,000)	1,100	1,100

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 2018 the amount due from Clifford Chance LLP to Clifford Chance London Limited was £77 million (2017: £59 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.