CLIFFORD CHANCE LONDON LIMITED
Company Registration No. 03375920

Annual Report and Financial Statements

for the year ended 30 April 2023

Registered office address:

10 Upper Bank Street
London, England,
E14 5JJ, United Kingdom

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CLIFFORD CHANCE LONDON LIMITED
Company Registration No. 03375920

Annual Report and Financial Statements
for the year ended 30 April 2023

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Strategic report
for the year ended 30 April 2023

Principal activities and business review

Clifford Chance London Limited (the "Company") is a wholly owned subsidiary of Clifford Chance LLP. The principal activity of the Company is the supply of premises, personnel and other services to Clifford Chance LLP.

In the previous year, the Company, Clifford Chance LLP and the Trustee of the defined benefit pension scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to the transfer of the whole pension liability of the Company to Clifford Chance LLP as of 30 November 2021.

The Directors are satisfied with the level of business and the Company's position at 30 April 2023 and propose to continue with the current activities in the next financial year.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of Clifford Chance LLP Group (the "Group") and are not managed separately. Since the principal activity of the Company is the supply of premises, personnel and other services to Clifford Chance LLP and other fellow subsidiary undertakings, the level of activities of the Company is related to the level of activities in Clifford Chance LLP and hence, the Directors of the Company believe that further analysis of risks and uncertainties of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business, as the Company is managed as part of the Group.

The Company's ultimate parent undertaking, Clifford Chance LLP, has confirmed it intends to support the Company to settle its liabilities for at least one year after this report is signed.

The Executive Leadership Group of Clifford Chance LLP manages the Group's operations on an operating segment basis. The development, performance and position of the Group are discussed in Clifford Chance LLP's financial statements for the year ended 30 April 2023, which does not form part of this report.

Results and dividends

The income statement for the year is set out on page 12, and the balance sheet on page 14.

Revenue for the year was £362,608 thousand (2022: £312,284 thousand). The profit before taxation for the year was £20,857 thousand (2022: £21,996 thousand). The average monthly number of staff employed by the Company was 1,752 (2022: 1,694). Net Assets amounted to £17,876 thousand (2022: £149,430 thousand).

A dividend of £148,000 thousand was declared on 13 December 2022. The dividend payable was offset against amounts due from ultimate parent undertaking (2022: £nil).

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires the Directors of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006.

Strategic report
for the year ended 30 April 2023

Section 172(1) Statement (continued)

In discharging our section 172 duty, Directors are required to have regard, among other matters, to:
(a) the likely consequences of any decision in the long term;
(b) the interests of the Company's employees;
(c) the need to foster the Company's business relationships with suppliers, customers and others;
(d) the impact of the Company's operations on the community and the environment;
(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) the need to act fairly as between members of the Company.

All the Directors on the Board of the Company are partners and members of Clifford Chance LLP, the Company's ultimate parent undertaking. Additionally, four of the seven Directors of the Company who have served during the financial year, sit on the Executive Leadership Group of Clifford Chance LLP, ensuring that the Board's actions are aligned with those of its shareholder.

Although the nature of the Company's business is relatively straightforward, examples of how the Directors have had regard for the matters listed above in making decisions are set out below:

Employees

The Directors see diversity and inclusion as a core value of the Company. It is an issue of fairness and justice. The Company is committed to delivering an inclusive environment based on mutual respect where everyone has an equal opportunity to succeed.

Communications are made to all employees through regular staff briefings, through which they are made aware of the financial and economic factors that affect the performance of the Company. Subject to practical and commercial considerations, employees are consulted and involved in decisions that affect their employment or future prospects.

Section 172(1) Statement (continued)

Diversity and Inclusion

The Group of which the Company forms a part has put in place a number of policies that set clear expectations of what employees can expect in relation to diversity, dignity and inclusion. The Company works carefully to ensure that the principles at the heart of these policies are integrated into all aspects of its business.

The Company believes that being an "equal opportunities" employer means going beyond mere compliance with anti-discrimination legislation. The Company believes that promoting diversity means creating an inclusive work environment where everyone has the opportunity to succeed without obstacles based on their gender, gender identity and expression, marital and civil partnership status, race, colour, national or ethnic origin, social or economic background, disability, religious belief, sexual orientation, age or any other basis prohibited under applicable law.

The Group of which the Company forms a part supports its employees with a broad range of policies, practices and procedures which aim to recognise individual contribution and performance, develop each individual's capability and give everyone an equal opportunity to use their talent and fulfil their potential.

Equality of opportunity, fairness, trust, acceptance of differences and the rights of individuals, including the right to work in an atmosphere free from discrimination and prejudice, are important principles of the Company: the 'Community' value, in particular, emphasises the importance the Company places on inclusiveness and meritocracy and aims to provide an environment where all individuals are treated with respect and dignity. 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 continued provision of suitable employment either in the same or an alternative position with appropriate training.

The Group of which the Company forms a part actively engages directly with employees by email, videos and open forums on a wide variety of topics relating to the general wellbeing of employees, including diversity and inclusion, to ensure that the messages are well understood by all concerned.

Suppliers

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. The Company's policy is to abide by these terms.

The Company is committed to building trusted partnerships with our suppliers, which are crucial to delivering the Company's commitments.

Section 172(1) Statement (continued)

Community and Environment

A number of energy saving initiatives have been undertaken during the year. The Company has started to refurbish the chillers by replacing the existing compressors with enhanced, highly-efficient refrigerant-cooled, variable speed drives (VSD). The strategy also considers the chilled water distribution systems in the building, in combination to upgrades of the cooling towers equipment, to obtain further energy reductions. New inverters have been installed on the toilet extract fans and on all the three fans and spray pump of the cooling rower 6. The Emergency staircase lighting has been replaced with LEDs and sensors so that it is no longer on 24/7. The Company has also been monitoring on-floor energy consumption patterns and demand, and have changed variables on the Building Management System (BMS) to operate building heating and a/c to reflect occupancy levels. The Company has set near-term science-based targets for 2030 as a key element to the longer term commitment to reach net-zero global emissions by 2050 at the latest.

Reputation

The Directors believe that maintaining a reputation for high standards of business conduct is of critical importance to the success of the Company and the Directors seek to build and maintain that reputation in everything they do.

Shareholders

The Company has only one ultimate shareholder, Clifford Chance LLP. The Directors have due regard to the interests and wishes of Clifford Chance LLP in their consideration of the Company's business.

Approval

This report was approved by the Board of Directors on 12 October 2023
and signed on its behalf by:

Robin Guy Abraham
12 October 2023

Directors' report
for the year ended 30 April 2023

The Directors present their report on Clifford Chance London Limited (the "Company") and the audited financial statements for the year ended 30 April 2023.

Principal activities and future developments

The principal activity of the Company is the supply of premises, personnel and other services to Clifford Chance LLP.

In the previous year, the Company, Clifford Chance LLP and the Trustee of the defined benefit pension scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to the transfer of the whole pension liability of the Company to Clifford Chance LLP as of 30 November 2021.

The Directors are satisfied with the level of business and the Company's position at 30 April 2023 and propose to continue with the current activities in the next financial year.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Directors

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

Michael David Bates
Helen Louise Carty
David Harkness
Clare Elizabeth Hoxey
Emma Louise Matebalavu
Matthew Forster Newick
Robin Guy Abraham

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

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

Qualifying third party indemnity

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

Going concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to continued financial support of the ultimate parent undertaking, Clifford Chance LLP. The Directors have received confirmation that Clifford Chance LLP intends to support the Company for at least one year after these financial statements are signed. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

Directors' report
for the year ended 30 April 2023

Information covered in the Strategic report

In addition to the information laid down in the Directors' report, other information required to be disclosed in the Directors' report is set out within the Strategic report.

This report was approved by the Board of Directors on 12 October 2023 and signed on its behalf by:

Robin Guy Abraham
12 October 2023

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 2023 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, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance sheet as at 30 April 2023; Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2023 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 Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

GLord.

Gilly Lord (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 October 2023

Income statement
for the year ended 30 April

	Note	2023 £'000	2022 £'000
Revenue	7	362,608	312,284
Staff and related costs	8	(305,066)	(252,506)
Other operating expenses	9	(40,626)	(37,534)
Operating profit		**16,916**	**22,244**
Profit before interest and taxation		**16,916**	**22,244**
Finance income		8,347	8,376
Finance costs		(4,406)	(8,624)
Finance income/(costs) - net	10	**3,941**	**(248)**
Profit before income tax		**20,857**	**21,996**
Income tax (expense)/credit	11	(4,411)	2,912
Profit for the financial year		**16,446**	**24,908**

The results derive from continuing operations.

Statement of comprehensive income
for the year ended 30 April

	2023 £'000	2022 £'000
Profit for the financial year	**16,446**	24,908
Items that will not be reclassified subsequently to the Income statement:		
Actuarial gain on defined benefit pension scheme	-	47,610
Deferred tax release relating to items not reclassified	-	(9,047)
Deferred tax reversal on account of transfer of pension liability to Clifford Chance LLP	-	(48,674)
Total comprehensive income for the year	**16,446**	**14,797**

Balance sheet
as at 30 April

	Note	2023 £'000	2022 £'000
Non-current assets			
Property, plant and equipment	13	19.965	22,962
Finance lease receivable - non current	18	178.850	226,050
Deferred tax asset	12	827	901
		199,642	**249,913**
Current assets			
Trade and other receivables	14	61,511	176,775
Finance lease receivable - current	18	40,562	39,161
Cash and cash equivalents		1,112	529
		103,185	**216,465**
Current liabilities			
Trade and other payables	15	(111,514)	(95,647)
Net current (liabilities)/assets		**(8,329)**	**120,818**
Total assets less current liabilities		**191,313**	**370,731**
Non-current liabilities			
Trade and other payables	15	(173,437)	(221,301)
Employee benefit obligations	16, 17	-	-
Net Assets		**17,876**	**149,430**
Total Equity		**17,876**	**149,430**
Equity			
Ordinary shares		1,100	1,100
Retained earnings		16,776	148,330
Total shareholders' funds		**17,876**	**149,430**

The notes on pages 16 to 31 are an integral part of these financial statements.

The financial statements on pages 12 to 31 were approved by the Board of Directors on 12 October 2023 and signed on their behalf by:

Robin Guy Abraham
Director

Statement of changes in equity
for the year ended 30 April 2023

	Ordinary shares £'000	(Accumulated losses)/ Retained earnings £'000	Total (deficit)/ equity £'000
As at 01 May 2021	1,100	(86,623)	(85,523)
Profit for the financial year	-	24,908	24,908
Other comprehensive expense for the year	-	(10,111)	(10,111)
Total comprehensive income for the year	-	14,797	14,797
Transfer of pension liability to Clifford Chance LLP*	-	220,156	220,156
As at 30 April 2022	**1,100**	**148,330**	**149,430**
Profit for the financial year	-	16,446	16,446
Total comprehensive income for the year	-	16,446	16,446
Dividends (note 21)	-	(148,000)	(148,000)
As at 30 April 2023	**1,100**	**16,776**	**17,876**

*Created pursuant to transfer of the whole outstanding pension liability as on 30 November 2021 by the Company to Clifford Chance LLP which was accounted for as a capital contribution by Clifford Chance LLP in the Company. Also refer to note 17.

Notes to the financial statements
for the year ended 30 April 2023

1 General information

Clifford Chance London Limited (the "Company") is a private Company limited by shares and incorporated and domiciled in the UK (England and Wales). The address of the registered office is 10 Upper Bank Street, London, England, E14 5JJ, United Kingdom. The nature of the Company's operation and its principal activities are set out in the Strategic Report.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Going concern

The Directors believe that preparing the financial statements on a going concern basis is appropriate due to continued financial support of the ultimate parent undertaking, Clifford Chance LLP. The Directors have received confirmation that Clifford Chance LLP intends to support the Company for at least one year after these financial statements are signed. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements, in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 April 2023 that have a material impact on the company's financial statements.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:
• IFRS 7 "Financial instruments: disclosures";
• 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 (requirements 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";
• Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
• Paragraphs 91 to 99 of IFRS 13, "Fair value measurement" (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- Paragraph 17 of IAS 24 "Related party disclosures" (key management compensation); and
- The requirements in IAS 24 "Related party disclosures" to disclose related party transactions entered into between two or more wholly owned members of a group.

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

(b) Ultimate and immediate parent undertaking

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

(c) Revenue

Revenue, which is stated net of VAT, represents amounts receivable from Clifford Chance LLP and other fellow subsidiary undertakings for supply of personnel, premises and other services.

The Company recognises revenue when performance obligations have been satisfied and for the Company this is as and when the services are rendered to the customer and the customer has control of these.

Revenue is recognised only to the extent that there is contractual right to receive consideration for the work performed.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the income statement 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

2 Summary of significant accounting policies (continued)

(e) Current tax and deferred tax

Current 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 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 income 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.

(f) Leases

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

As a lessee

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease liabilities include the net present value of the following lease payments:
- fixed payments;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 Summary of significant accounting policies (continued)

(f) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses a relevant corporate bond rate within the United Kingdom region.

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

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

As a lessor

The Company also sub-leases some part of its office buildings. The Company determines at such sub-lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

2 Summary of significant accounting policies (continued)

(g) Pension scheme

i. *Defined contribution plans*

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

ii. *Defined benefit schemes*

In the previous year, the Company, Clifford Chance LLP and the Trustee of the Pension Scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to transfer the whole pension liability of the Company to Clifford Chance LLP as on 30 November 2021.

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

Full actuarial valuations of the scheme were carried out every three years and the scheme actuary updated these at each balance sheet date based on information prepared by the Company.

The defined benefit scheme was accounted for under IAS 19 (revised): Employee Benefits. The retirement benefits obligation represented the present value of the obligation to provide benefits, less the fair value of the scheme's assets. The financing costs of the scheme were recognised in the income statement and actuarial gains and losses were recognised in full in the statement of comprehensive income. Net interest was calculated by applying the discount rate to the net defined pension liability.

(h) Financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand or demand deposits.

2 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Trade and other payables

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

(i) Functional and presentation currency

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

(j) Finance income and finance cost

Finance income and finance cost are recognised on an accruals basis using the effective interest method.

3 Critical accounting judgements

The Directors do not consider that there are any critical accounting judgements that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements.

4 Critical accounting estimates and assumptions

In preparing the financial statements, the Directors are required to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts and results could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Leases - discount rate

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

Notes to the financial statements
for the year ended 30 April 2023

5 Employees

The average monthly number of employees during the year were:

	2023 No.	2022 No.
Lawyers	671	632
Trainee solicitors	183	188
Support staff	898	874
	1,752	**1,694**

The average number of Directors during the year was 7 (2022:8)

6 Directors' remuneration

None of the Directors received any remuneration for their services as a Director of Clifford Chance London Limited or from any other group undertaking during the year for their services as a Director of the Company (2022: £nil).

7 Revenue

Analysis of revenue by geography:

	2023 £'000	2022 £'000
United Kingdom	362,608	312,284
	362,608	**312,284**

Analysis of revenue by category:

	2023 £'000	2022 £'000
Sale of services	362,608	312,284
	362,608	**312,284**

8 Staff and related costs

	2023 £'000	2022 £'000
Wages and salaries	235,301	191,798
Social security costs	29,244	23,824
Pension contributions	15,539	14,823
Other staff costs	24,982	22,061
	305,066	**252,506**

9 Other operating expenses

	2023	2022
	£'000	£'000
Depreciation charge of property, plant and equipment	4,489	7,926
Other operating expenses	36,137	29,608
	40,626	37,534

The auditors did not receive any remuneration from the Company (2022: £nil). The audit fee of £37 thousand (2022: £34 thousand) was incurred by Clifford Chance LLP. The Company did not incur any non-audit service fees during the financial year (2022: £nil). The consolidated financial statements as mentioned in note 2(b) have complied with the statutory disclosure requirement as required by section 494 of the Companies Act 2006 and the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008.

10 Finance (income)/costs - net

	2023	2022
	£'000	£'000
Finance income arising from:		
Intercompany income from finance lease receivables (note 18)	(8,295)	(8,363)
Interest income on income tax paid	(52)	(13)
	(8,347)	(8,376)
Finance costs arising from:		
Interest on net defined benefit liability (note 17)	-	3,130
Interest on loan from group undertakings	-	335
Intercompany interest on lease liabilities (note 18)	4,406	5,159
	4,406	8,624
Finance (income)/costs - net	(3,941)	248

11 Income tax expense/(credit)

	2023	2022
	£'000	£'000
Current tax:		
Current year UK corporation tax charge	3,182	3,440
Prior year adjustment*	1,155	674
	4,337	4,114
Deferred tax:		
Adjustment in respect of prior periods (note 12)	(1,191)	(256)
Reversal of temporary differences (note 12)	1,265	(618)
In respect of defined benefit pension scheme	-	694
In respect of transfer of defined benefit pension scheme to Clifford Chance LLP (note 17)	-	(6,846)
	74	(7,026)
Income tax on profit	4,411	(2,912)

*Prior year adjustments in current tax largely relates to unpaid bonuses as at 1 February 2023.

11 Income tax expense/(credit) (continued)

Reconciliation of tax charge:	**2023**	**2022**
	£'000	**£'000**
Profit before income tax	20,857	21,996
Tax charge at 19.49% (2022: 19%) thereon	4,065	4,179
Effects of:		
Effect of change in tax rate on deferred tax	(19)	(148)
Prior year adjustments	(36)	418
Permanent disallowables (including depreciation on ineligible additions)	401	(515)
Deferred tax reversal on account of transfer of pension liability to Clifford Chance LLP	-	(6,846)
Corporation tax charge/(credit)	4,411	(2,912)

Amounts recognised in the statement of comprehensive income	**2023**	**2022**
	£'000	**£'000**
Aggregate deferred tax arising in the reporting period and not recognised in the income statement but directly debited to comprehensive income:	-	(9,047)
Deferred tax reversal on account of transfer of pension liability to Clifford Chance LLP	-	(48,674)
	-	(57,721)

During the previous year an increase in the UK corporation tax rate to 25% from 1 April 2023 was substantively enacted. As a result of this enactment, the deferred tax asset is valued using the 25% rate.

12 Deferred tax asset

	2023	**2022**
	£'000	**£'000**
The following are the major deferred tax asset movements during the current and prior reporting year.		
a. Retirement benefit obligations:		
At 1 May 2022	-	51,569
Utilised in the year	-	(1,289)
Arising during the year	-	(8,450)
Released during the year	-	(41,830)
At 30 April 2023	-	-
b. Accelerated capital allowances:		
At 1 May 2022	901	27
Prior year adjustments	(65)	256
(Utilised)/arising in the year	(9)	618
At 30 April 2023	827	901
c. Unpaid bonuses:		
At 1 May 2022	-	-
Prior year adjustments	1,256	-
Utilised in the year	(1,256)	-
At 30 April 2023	-	-
Deferred tax asset - total	827	901

12 Deferred tax asset (continued)

The deferred tax asset is recognised in respect of temporary differences relating to accelerated capital allowances and was recognised in respect of temporary differences relating mainly to the defined benefit pension scheme. In the previous year, the Company, Clifford Chance LLP and the Trustee of the Pension Scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to the transfer of the whole pension liability of the Company to Clifford Chance LLP as on 30 November 2021. As a result, the deferred tax asset recognised in the Company in respect of temporary differences related to the defined benefit pension scheme was reversed in the previous year.

13 Property, plant and equipment

	Property, plant & equipment £'000	Leasehold Improvements £'000	Total £'000
Cost			
Balance at 01 May 2021	2,727	43,881	46,608
Additions	946	571	1,517
Disposals	(397)	(5,734)	(6,131)
Balance at 30 April 2022	3,276	38,718	41,994
Additions	392	1,100	1,492
Disposals	-	(646)	(646)
Balance at 30 April 2023	3,668	39,172	42,840
Accumulated depreciation			
Balance at 01 May 2021	2,258	14,979	17,237
Depreciation for the year	657	7,269	7,926
Disposals	(397)	(5,734)	(6,131)
Balance at 30 April 2022	2,518	16,514	19,032
Depreciation for the year	359	4,130	4,489
Disposals	-	(646)	(646)
Balance at 30 April 2023	2,877	19,998	22,875
Carrying amount			
At 30 April 2022	758	22,204	22,962
At 30 April 2023	791	19,174	19,965

14 Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from ultimate parent undertaking*	54,452	170,757
Amounts due from other group undertakings	750	1,071
Corporation tax	1,699	471
Other debtors	2,654	1,661
Prepayments	1,956	2,815
	61,511	176,775

* refer to note 21

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Trade and other payables

	2023	2022
	£'000	£'000
Amounts falling due within one year		
Accounts payable	533	651
Amounts owed to group undertakings	530	509
Social security and other taxes	7,915	7,077
Accruals	62,046	47,672
Lease Liability (note 18)	40,490	39,738
	111,514	95,647

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

	2023	2022
	£'000	£'000
Amounts falling due after one year		
Lease Liability (note 18)	173,437	221,301
	173,437	221,301

16 Employee benefit obligations

The Company had the following provisions during the year:

Defined benefit pension scheme (note 17)	£'000
Balance at 01 May 2021	271,418
Charge during the year	3,130
Net loss due to changes in actuarial assumptions	(47,610)
Amounts paid	(6,782)
Transferred to Clifford Chance LLP *	(220,156)
Balance at 30 April 2022	-
Movement during the year	-
Balance at 30 April 2023	-

* In the previous year, the Company, Clifford Chance LLP and the Trustee of the Pension Scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to the transfer of the whole pension liability of the Company to Clifford Chance LLP as on 30 November 2021. The outstanding pension liability on 30 November 2021 was £220m. The transfer was accounted for as capital contribution by Clifford Chance LLP in the Company and resulted in an increase in investments by Clifford Chance LLP in the Company by an amount equal to the pension liability at the date of the transfer.

17 Defined benefit pension scheme

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 Company.

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 November 2021 by a qualified independent actuary after which the whole pension liability of the Company was transferred to Clifford Chance LLP. Details of such updated valuation were as under:

The key accounting assumptions used are set out below:

	30 April 2023	30 November 2021
Discount rate	-	1.7%
Future pension increases - pensions accrued prior to 30 April 2005	-	3.1%
Future pension increases - pensions accrued after 30 April 2005	-	2.2%
Price inflation	-	3.1%

Mortality assumptions were based on S3 SAPS Light tables with CMI 2020 improvements, projected according to each member's year of birth. The assumptions included 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:

	30 April 2023	30 November 2021
Retiring today		
Males	-	87.90
Females	-	89.80
Retiring in 20 years		
Males	-	88.90
Females	-	90.90

The amount recognised in the income statement was as follows:

	2023 £'000	2022 £'000
Interest charge (net) under finance income/(cost) - net	-	3,130

The amount recognised in the other comprehensive income was as follows:

	2023 £'000	2022 £'000
Actuarial losses for changes in financial assumptions	-	87,151
Loss on the scheme liabilities arising from changes in experience	-	7,787
Actuarial gains on the scheme assets	-	(142,548)
Gain recognised in the statement of comprehensive income	-	(47,610)

17 Defined benefit pension scheme (continued)

The liability included in the balance sheet was as follows:	2023	2022
	£'000	£'000
Present value of defined benefit obligation	-	970,981
Fair value of plan assets	-	(750,825)
Transferred to Clifford Chance LLP *	-	(220,156)
Present value of net obligation	-	-

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

	2023	2022
	£'000	£'000
At the beginning of the year	-	869,634
Interest on obligations	-	10,134
Remeasurement loss from changes in financial assumptions	-	87,151
Remeasurement loss from changes in experience	-	7,787
Benefits paid	-	(3,725)
Transferred to Clifford Chance LLP *	-	(970,981)
At the end of the year	-	-

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

	2023	2022
	£'000	£'000
At the beginning of the year	-	598,216
Interest income on scheme assets	-	7,004
Remeasurement gain on scheme assets	-	142,548
Contributions made	-	6,782
Benefits paid	-	(3,725)
Transferred to Clifford Chance LLP *	-	(750,825)
At the end of the year	-	-

* In the previous year, the Company, Clifford Chance LLP and the Trustee of the Pension Scheme, in which certain employees of the Company participated, agreed under a 'Flexible Apportionment Arrangement' to the transfer of the whole pension liability of the Company to Clifford Chance LLP as on 30 November 2021. The outstanding pension liability on 30 November 2021 was £220m.

Risks

In the previous year, the Company had transferred the entire pension liability to Clifford Chance LLP on 30 Nov 2021, therefore at the balance sheet date there is no risk.

18 Leases

(a) As a lessee

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2023	2022
Lease Liabilities	**£'000**	**£'000**
Current	40,490	39,738
Non-current	173,437	221,301
	213,927	261,039

The lease liability balance is payable to an intermediate lessor (related party).

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

	2023	2022
	£'000	£'000
Opening balance	261,039	300,039
Finance cost accrued during the year	4,406	5,159
Payment of lease liabilities	(51,518)	(44,159)
Closing balance	213,927	261,039

	2023	2022
Maturity analysis - contractual undiscounted cash flows	**£'000**	**£'000**
Less than one year	44,158	44,158
One to two years	44,158	44,158
Two to three years	44,158	44,158
Three to four years	44,158	44,158
Four to five years	44,158	44,159
More than five years	3,680	55,198
	224,470	275,989

(ii) Amounts recognised in the income statement

	2023	2022
	£'000	£'000
Intercompany interest on lease liabilities (included in finance cost - note 10)	4,406	5,159
Intercompany income from the finance lease receivable (included in finance income - note 10)	(8,295)	(8,363)
	(3,889)	(3,204)

18 Leases (continued)

(a) As a lessee (continued)

(iii) Extension and termination options

There are no extension or termination options included in the property leases of the Company.

(iv) Liquidity

The Company has no significant liquidity risk in relation to its lease liabilities as the Company has a back to back sub-lease arrangement with its ultimate parent undertaking and therefore has a corresponding finance lease receivable to offset its lease liabilities.

(b) As a lessor

Finance lease receivable

A finance lease receivable, due from Clifford Chance LLP is as a result of arrangements between the Company and Clifford Chance LLP, in relation to the Upper Bank street premises.

The following is the movement in finance lease receivable for the year:

	2023	2022
	£'000	£'000
Opening balance	265,211	303,214
Lease income accrued during the year	8,295	8,363
Lease receipts	(54,094)	(46,366)
Closing balance	219,412	265,211

	2023	2022
	£'000	£'000
Finance lease receivable		
Current	40,562	39,161
Non current	178,850	226,050
	219,412	265,211

The following table sets out the maturity analysis of the lease receipts for the finance lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	2023	2022
	£'000	£'000
Less than one year	46,366	46,366
One to two years	46,366	46,366
Two to three years	46,366	46,366
Three to four years	46,366	46,366
Four to five years	46,366	46,366
More than five years	3,864	57,958
Total undiscounted lease payments receivable	235,694	289,788
Unearned finance Income	16,282	24,577
Total lease receivables	219,412	265,211

Notes to the financial statements
for the year ended 30 April 2023

19 Ordinary shares

	2023 Nos. of shares	2022 Nos. of shares	2023 £'000	2022 £'000
Authorised				
Ordinary shares of £1 each	1,100,000	1,100,000	1,100	1,100
Issued and fully paid				
Ordinary shares of £1 each	1,100,000	1,100,000	1,100	1,100

20 Related party transactions

As a wholly owned subsidiary of the ultimate parent undertaking, Clifford Chance LLP, advantage has been taken of the exemption afforded by FRS 101 Reduced Disclosure Framework not to disclose any related party transactions with other wholly owned members of the Group, or information around remuneration of key management personnel compensation.

21 Dividends

A dividend of £148,000 thousand was declared on 13 December 2022. The dividend payable was offset against amounts due from ultimate parent undertaking (2022: £nil).