

**CMS Cameron McKenna Nabarro Olswang LLP**

**Annual report and consolidated financial  
statements**

**Year ended**

**30 April 2018**

**Registration No: OC310335**

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## **Officers and Professional Advisers**

**Registered No:** OC310335

### **Designated members**

S S A Millar

S P Warne

### **Auditor**

Deloitte LLP

Statutory Auditor

2 New Street Square

London

United Kingdom

EC4A 3BZ

### **Bankers**

Royal Bank of Scotland

London City Office

62-63 Threadneedle Street

London

EC2R 8LA

Lloyds Banking Group

39 Threadneedle Street

London

EC2R 8AU

### **Registered office**

Cannon Place

78 Cannon Street

London

EC4N 6AF

## **Members' Report**

### **Year ended 30 April 2018**

The Board is pleased to present its annual report together with the financial statements and auditor's report for the year ended 30 April 2018.

#### **Group structure**

The Group (the "Group") financial statements consolidate the financial statements of CMS Cameron McKenna Nabarro Olswang LLP (the "LLP") and its subsidiary undertakings.

During the year, the Group had offices in the following locations:

- London, Aberdeen, Bristol, Edinburgh, Glasgow, Manchester, Reading and Sheffield;
- Bratislava, Brussels, Bucharest, Budapest, Istanbul, Kyiv, Munich, Sofia, Poznan, Prague and Warsaw;
- Dubai, Muscat and Tehran (closed July 2018); and
- Singapore, Beijing and Rio de Janeiro.

The Group has an interest in a joint venture that provides legal and tax services in Moscow, which is jointly controlled by the LLP and two other participating firms from the CMS network. The Group also has an agreement to provide legal and tax services in Istanbul and Hong Kong with other participating firms from the CMS network.

The Group is also a founding partner of the CMS network, which is an organisation of 14 independent law firms that operate under the CMS brand across Europe.

The term 'member' in this document is used to refer only to a member of the LLP. A list of members' names is available for inspection at Cannon Place, 78 Cannon Street, London EC4N 6AF, which is also the registered office and principal place of business of CMS Cameron McKenna Nabarro Olswang LLP. More information about the LLP is available on its website [www.cms-cmno.com](http://www.cms-cmno.com).

#### **Principal activity**

The Group's principal activity is the provision of legal and tax services.

#### **Review of the business and future developments**

As reported last year, on 1 May 2017 the businesses of Nabarro LLP and Olswang LLP were transferred into CMS Cameron McKenna LLP following a vote in favour of a merger of the three LLPs by their respective members in October 2016. On 2 May 2017 CMS Cameron McKenna LLP was renamed CMS Cameron McKenna Nabarro Olswang LLP. On 1 May 2017 all the assets and liabilities of Nabarro LLP and Olswang LLP were transferred to CMS Cameron McKenna LLP at fair value in accordance with the terms of the merger agreement. Details of the merger, which has been accounted for as an acquisition under FRS102 Section 19 "Business Combinations and Goodwill" are set out in note 3 of the accounts.

The LLP's business plan is to continue to invest and grow in particular in its existing locations and key sectors while retaining appropriate profitability.

## **Members' Report**

### **Year ended 30 April 2018**

The results for the year and financial position at the end of the year are considered satisfactory by the members who expect continued profitable trading for the foreseeable future.

The results for the year are set out on page 10. The members regard the results and future prospects to be satisfactory. Refer to Note 1 for detail on the adoption of the going concern basis.

#### **Designated Members**

The Designated Members who served throughout the year and subsequently were:

Susan Penelope Warne – Senior Partner

Stephen Samuel Alexander Millar – Managing Partner

#### **Members' drawings, profit share and capital subscriptions**

The LLP's policies on members' drawings and profit distribution incorporate consideration of the working capital needs of the business. Members draw a proportion of their profit share in monthly instalments during the year in which profit is earned. These drawings represent payments on account and may be reclaimed from members until profits have been divided.

The balance of profit, net of retention for UK income tax, is paid to members in instalments after the end of the year subject to the cash requirements of the LLP. Tax retentions are paid to the relevant tax authorities on behalf of members when they fall due with any excess released to members as appropriate.

The level of members' capital is determined by the members from time to time having regard to the short, medium and long term needs of the business. Capital is repaid to members on retirement from the LLP.

#### **Audit and Risk Committee**

The Audit and Risk Committee (the "Committee") has eight members and is chaired by Andrew Ivison, a member of the LLP. The terms of reference of the Committee include the review of the Group's financial statements and to receive reports from the external auditor regarding their findings from the audit. The Committee also considers the scope, results and effectiveness of the external audit including review of the independence of the external auditor, non-audit services and fees. The Finance Director, General Counsel and other senior personnel, together with the external auditor, attend Committee meetings by invitation.

#### **Diversity and inclusion**

The Group's diversity and inclusion programme has the objective of developing and supporting an inclusive workplace that recognises high performance regardless of an individual's race, colour, age, religion or belief, gender, gender identity, gender expression, marital or civil partner status, ethnic or national origin, physical or mental disability, sexual orientation, and pregnancy or maternity status. The programme is led by the Diversity and Inclusion Committee which includes senior leaders of the Group and it is further embodied in the Group's eight employee

## **Members' Report**

### **Year ended 30 April 2018**

network groups comprising: Christian, Hindu, Muslim, Jewish, Disability, LGBT, Black Asian Minority Ethnic and Women's Network.

The Group has an Equality and Diversity policy which supports the Group's commitment to recruiting, retaining and developing talented people. The policy details how equality and inclusiveness underpin the Group's business decisions in all areas affecting its people such as recruitment, selection, training, promotion, redeployment and terms and conditions of employment. The Group's employee commitment statement is designed to set down basic principles which encourage diversity within the workplace.

The LLP is a signatory of the Law Society's Diversity and Inclusion Charter and is also a Stonewall Diversity Champion and ranked 26th in the Stonewall workplace equality 2018 index, rising 5 places from previous years.

#### **Community investment**

The Group is committed to the delivery of effective community involvement schemes, informed charitable giving and sound pro bono legal and non-legal support to individuals and community groups. Establishing employee volunteering programmes, offering the Group's professional services for free and organising charitable fundraising initiatives creates valuable opportunities for personal development and teamwork for everyone across the Group.

To help meet these objectives, the Group's Corporate Responsibility ("CR") policy encourages all partners and employees to participate in at least 50 hours of CR activity per person per year. The Group offers its employees a menu of initiatives to participate in that are arranged through its CR partnerships with the Citizenship Foundation, Inspire!, East London Business Alliance (ELBA) and pro bono charities TrustLaw and LawWorks and providing local legal advice clinics in Islington, London. The Group is also a participant of the Corporate Responsibility Group and CR Legal Network which allows it to collaborate with other organisations on joint CR initiatives.

During the year, Group employees and partners contributed 22,027 hours of working time (2017 - 11,932 hours) to community and charitable activities.

#### **Employee consultation**

The Group places considerable value on the involvement and input of all employees demonstrated through a number of communication channels.

The Group's intranet homepage - Compass - is updated on a daily basis with typically two to three stories, which communicates important messages to staff, such as CR and diversity messages, client events, staff training, recognition and success, as well as messages from senior management. Particularly important messages are communicated by our Senior or Managing Partner via email to all staff internally. Each year, our annual review is distributed internally to all employees which highlights the Group's success over the past year. In our head office, London Cannon Place, there is a particular emphasis on digital communications, and important messages are displayed electronically via screens in communal areas such as tea points and our staff restaurant. The Managing Partner holds frequent meetings, which typically occurs monthly with a small group of associates and lawyers, from across different practice areas, in order for them to find out more about the firm's priorities, provide any feedback, and ask any questions. Employees

## **Members' Report**

### **Year ended 30 April 2018**

across the Group are also given the opportunity to provide feedback, through our internal staff survey, which is typically distributed bi-annually. This is used to set priorities and addresses issues identified by employees.

The Group's UK Staff Forum provides an established forum for the joint review of the Group's strategy, its performance and employment policies. The Forum consists of elected employee representatives from each department, jurisdiction and from various levels of seniority. Meetings of the Forum are normally chaired by the Head of the Group's HR department with regular attendance by its Director of People and Managing Partner.

#### **Donations**

During the year the Group made charitable donations totalling £351,000 (2017 – £297,000). It did not make any political donations in either year.

#### **Supplier payment policy**

The Group seeks to make prompt settlement of supplier invoices, subject to the goods and services received being in accordance with agreed terms. The number of days between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the total amount invoiced by suppliers during the year, was 62 days (2017 – 65 days).

#### **Auditor**

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP as the Group's auditor will be proposed at the next members' meeting.

#### **Approval**

Approved by the members and signed on their behalf by:



**S S A Millar**  
**Managing Partner**

Date: 19 December 2018

## **Statement of Members' Responsibilities**

**Year ended 30 April 2018**

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to limited liability partnerships, and in accordance with the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnership (issued January 2017). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are discharged by the Board on behalf of the members and exercised through the Audit and Risk Committee.



**Independent auditor's report to the members of CMS Cameron McKenna  
Nabarro Olswang LLP  
Year ended 30 April 2018**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.
- We have audited the financial statements of CMS Cameron McKenna Nabarro Olswang LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group') which comprise:
  - the consolidated profit and loss account;
  - the consolidated statement of comprehensive income;
  - the consolidated and parent limited liability partnership balance sheets;
  - the consolidated and parent limited liability partnership statements of changes in members' interests;
  - the consolidated cash flow statement; and
  - the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independent auditor's report to the members of CMS Cameron McKenna  
Nabarro Olswang LLP  
Year ended 30 April 2018**

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent limited liability partnership's ability to continue 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.

We have nothing to report in respect of these matters.

**Other information**

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

**Responsibilities of members**

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the group's and the parent limited liability partnership'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 members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 auditor's 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

**Independent auditor's report to the members of CMS Cameron McKenna  
Nabarro Olswang LLP  
Year ended 30 April 2018**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Saunders (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
Date 19 December 2018

## Consolidated Profit and Loss Account

### Year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Turnover: Group and share of joint ventures	1	521,878	277,482
Less: Share of joint ventures turnover		(4,310)	(4,274)
<b>Group turnover</b>	4	<b>517,568</b>	<b>273,208</b>
Staff costs	7	(202,798)	(121,128)
Depreciation	11	(12,552)	(7,573)
Other operating expenses		(142,295)	(72,995)
<b>Group operating profit</b>		<b>159,923</b>	<b>71,512</b>
Share of operating loss in joint ventures		(803)	(384)
Interest receivable and similar income	5	365	505
Interest payable and similar charges	5	(8,170)	(848)
<b>Profit on ordinary activities before taxation, members' remuneration and profit shares</b>	6	<b>151,315</b>	<b>70,785</b>
Taxation on profit on ordinary activities of the subsidiaries	9	(405)	(207)
<b>Profit on ordinary activities before members' remuneration and profit shares</b>		<b>150,910</b>	<b>70,578</b>
Members' remuneration charged as an expense		(27,611)	(9,574)
<b>Profit for the financial year available for discretionary division among members</b>		<b>123,299</b>	<b>61,004</b>

All results relate to continuing activities.

**Consolidated Statement of Comprehensive Income**  
**Year ended 30 April 2018**

	Notes	2018 £'000	2017 £'000
<b>Profit for the financial year available for discretionary division among members</b>		<b>123,299</b>	<b>61,004</b>
Currency translation difference on foreign operations		484	773
Total remeasurement of the net defined benefit asset	20	11,177	302
<b>Total comprehensive income</b>		<b>134,960</b>	<b>62,079</b>

## Consolidated Balance Sheet

### At 30 April 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	11	51,806	45,607
Share of joint venture	12	1,283	887
Other investments	12	242	783
		<u>53,331</u>	<u>47,277</u>
<b>Long term assets: Pension scheme asset</b>	20	-	-
<b>Current assets</b>			
Debtors	13	257,094	132,126
Cash at bank and in hand		28,705	13,280
		<u>285,799</u>	<u>145,406</u>
<b>Creditors: amounts falling due within one year</b>	14	(142,966)	(69,324)
<b>Net current assets</b>		<u>142,833</u>	<u>76,082</u>
<b>Total assets less current liabilities</b>		196,164	123,359
<b>Creditors: amounts falling due after more than one year</b>	15	(29,387)	(28,692)
<b>Provision for liabilities</b>	16	(25,631)	(7,104)
<b>Retirement benefit liabilities</b>	20	(879)	(20)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><u>140,267</u></u>	<u><u>87,543</u></u>
<b>Represented by: Loans and other debts due to members within one year</b>			
Members' capital classified as a liability		53,454	28,368
Other amounts		11,880	(6,284)
		<u>65,334</u>	<u>22,084</u>
<b>Members' other interests</b>			
Members' other interests – other reserves classified as equity		74,933	65,459
		<u>140,267</u>	<u>87,543</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Amounts due from members		(16,738)	(11,410)
Loans and other debts due to members		65,334	22,084
Members' other interests		74,933	65,459
		<u><u>123,529</u></u>	<u><u>76,133</u></u>

The financial statements of CMS Cameron McKenna Nabarro Olswang LLP registered number OC310335, on pages 10 to 55 were approved by the members and authorised for issue and signed on their behalf on 19 December 2018 by:

  
**S P Warne**  
 Senior Partner

  
**S S A Millar**  
 Managing Partner

# Limited Liability Partnership Balance Sheet

## At 30 April 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	11	48,678	44,654
Share of joint venture	12	1,283	887
Other investments	12	4,520	4,897
		<u>54,481</u>	<u>50,438</u>
<b>Pension scheme assets</b>	20	-	-
<b>Current assets</b>			
Debtors	13	238,239	119,747
Cash at bank and in hand		<u>19,414</u>	<u>5,301</u>
		257,653	125,048
<b>Creditors: amounts falling due within one year</b>	14	<u>(162,211)</u>	<u>(66,283)</u>
<b>Net current assets</b>		<u>95,442</u>	<u>58,765</u>
<b>Total assets less current liabilities</b>		<u>149,923</u>	<u>109,203</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(29,387)	(28,692)
<b>Provision for liabilities</b>	16	(10,969)	(7,104)
<b>Retirement benefit liabilities</b>	20	<u>(879)</u>	<u>(20)</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<u><b>108,688</b></u>	<u><b>73,387</b></u>
<b>Represented by: Loans and other debts due to members within one year</b>			
Members' capital classified as a liability		53,454	28,368
Other amounts		<u>11,880</u>	<u>(6,284)</u>
		<u><b>65,334</b></u>	<u><b>22,084</b></u>
<b>Members' other interests</b>			
Other reserves classified as equity		<u>43,354</u>	<u>51,303</u>
		<u><b>108,688</b></u>	<u><b>73,387</b></u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Amounts due from members		(16,738)	(11,410)
Loans and other debts due to members		65,334	22,084
Other reserves		<u>43,354</u>	<u>51,303</u>
		<u><b>91,950</b></u>	<u><b>61,977</b></u>

CMS Cameron McKenna Nabarro Olswang LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its profit for the year available for discretionary division among members was £102,104,000 (2017: £56,275,000). The financial statements of CMS Cameron McKenna Nabarro Olswang LLP registered number OC310335, on pages 10 to 55 were approved by the members and authorised for issue and signed on their behalf on 19 December 2018 by:

  
**S P Warne**  
 Senior Partner

  
**S S A Millar**  
 Managing Partner

**Consolidated statement of changes in members' interests**  
**Year ended 30 April 2018**

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
<b>Members' interest at 1 May 2017</b>	<b>103</b>	<b>65,356</b>	<b>65,459</b>	<b>28,368</b>	<b>(17,694)</b>	<b>76,133</b>
Introduced on acquisition	-	38,409	38,409	30,809	(32,663)	<b>36,555</b>
Members' remuneration charged as an expense	-	-	-	-	27,611	<b>27,611</b>
Profit for the financial year available for discretionary division among members	-	123,299	123,299	-	-	<b>123,299</b>
<b>Members' interests after profit for the year</b>	<b>103</b>	<b>227,064</b>	<b>227,167</b>	<b>59,177</b>	<b>(22,746)</b>	<b>263,598</b>
Currency translation difference on foreign operations	484	-	484	-	-	<b>484</b>
Remeasurement of net defined benefit asset	-	11,177	11,177	-	-	<b>11,177</b>
<b>Total comprehensive income available for discretionary division among members</b>	<b>587</b>	<b>238,241</b>	<b>238,828</b>	<b>59,177</b>	<b>(22,746)</b>	<b>275,259</b>
Allocated profits in respect of the prior year	-	(163,895)	(163,895)	-	163,895	-
Members' capital introduced	-	-	-	4,989	-	<b>4,989</b>
Members' capital repaid	-	-	-	(10,466)	-	<b>(10,466)</b>
Drawings and other payments to and on behalf of members'	-	-	-	-	(146,007)	<b>(146,007)</b>
Reclassification of members balances	-	-	-	(246)	-	<b>(246)</b>
<b>Balance at 30 April 2018</b>	<b>587</b>	<b>74,346</b>	<b>74,933</b>	<b>53,454</b>	<b>(4,858)</b>	<b>123,529</b>

Represented by:

Amounts due to members

11,880

Amounts due from members

(16,738)

(4,858)



**Consolidated statement of changes in members' interests**  
**Year ended 30 April 2017**

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
<b>Members' interest at 1 May 2016</b>	(670)	33,856	33,186	29,198	19,251	81,635
Members' remuneration charged as an expense	-	-	-	-	9,574	9,574
Profit for the financial year available for discretionary division among members	-	61,004	61,004	-	-	61,004
<b>Members' interests after profit for the year</b>	(670)	94,860	94,190	29,198	28,825	152,213
Currency translation difference on foreign operations	773	-	773	-	-	773
Remeasurement of net defined benefit asset	-	302	302	-	-	302
<b>Total comprehensive income available for discretionary division among members</b>	103	95,162	95,265	29,198	28,825	153,288
Allocated profits in respect of the prior year	-	(29,806)	(29,806)	-	29,806	-
Members' capital introduced	-	-	-	643	-	643
Members' capital repaid	-	-	-	(1,473)	-	(1,473)
Drawings and other payments to and on behalf of members'	-	-	-	-	(76,265)	(76,265)
Payments to former members	-	-	-	-	(60)	(60)
<b>Balance at 30 April 2017</b>	<b>103</b>	<b>65,356</b>	<b>65,459</b>	<b>28,368</b>	<b>(17,694)</b>	<b>76,133</b>

Represented by:

Amounts due from members

(17,694)

# Limited Liability Partnership statement of changes in members' interests

## Year ended 30 April 2018

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
<b>Members' interest at 1 May 2017</b>	<b>103</b>	<b>51,200</b>	<b>51,303</b>	<b>28,368</b>	<b>(17,694)</b>	<b>61,977</b>
Introduced on acquisition	-	42,181	42,181	30,809	(32,663)	40,327
Members' remuneration charged as an expense	-	-	-	-	27,611	27,611
Profit for the financial year available for discretionary division among members	-	102,104	102,104	-	-	102,104
<b>Members' interests after profit for the year</b>	<b>103</b>	<b>195,485</b>	<b>195,588</b>	<b>59,177</b>	<b>(22,746)</b>	<b>232,019</b>
Currency translation difference on foreign operations	484	-	484	-	-	484
Remeasurement of net defined benefit asset	-	11,177	11,177	-	-	11,177
<b>Total comprehensive income available for discretionary division among members</b>	<b>587</b>	<b>206,662</b>	<b>207,249</b>	<b>59,177</b>	<b>(22,746)</b>	<b>243,680</b>
Allocated profits in respect of the prior year	-	(163,895)	(163,895)	-	163,895	-
Members' capital introduced	-	-	-	4,989	-	4,989
Members' capital repaid	-	-	-	(10,466)	-	(10,466)
Drawings and other payments to and on behalf of members	-	-	-	-	(146,007)	(146,007)
Reclassification of members' balances	-	-	-	(246)	-	(246)
<b>Balance at 30 April 2018</b>	<b>587</b>	<b>42,767</b>	<b>43,354</b>	<b>53,454</b>	<b>(4,858)</b>	<b>91,950</b>

Represented by:

Amounts due to members

11,880

Amounts due to members

(16,738)

(4,858)

# Limited Liability Partnership statement of changes in members' interests

## Year ended 30 April 2017

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
<b>Members' interest at 1 May 2016</b>	(670)	24,429	23,759	29,198	19,251	72,208
Members' remuneration charged as an expense	-	-	-	-	9,574	9,574
Profit for the financial year available for discretionary division among members	-	56,275	56,275	-	-	56,275
<b>Members' interests after profit for the year</b>	(670)	80,704	80,034	29,198	28,825	138,057
Currency translation difference on foreign operations	773	-	773	-	-	773
Remeasurement of net defined benefit asset	-	302	302	-	-	302
<b>Total comprehensive income available for discretionary division among members</b>	103	81,006	81,109	29,198	28,825	139,132
Allocated profits in respect of the prior year	-	(29,806)	(29,806)	-	29,806	-
Members' capital introduced	-	-	-	643	-	643
Members' capital repaid	-	-	-	(1,473)	-	(1,473)
Drawings and other payments to and on behalf of members	-	-	-	-	(76,265)	(76,265)
Payments to former members	-	-	-	-	(60)	(60)
<b>Balance at 30 April 2017</b>	<b>103</b>	<b>51,200</b>	<b>51,303</b>	<b>28,368</b>	<b>(17,694)</b>	<b>61,977</b>

Represented by:

Amounts due from members

(17,694)

## Consolidated Cash Flow Statement

### For the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
<b>Net cash inflow from operating activities</b>	18	<b>150,391</b>	<b>71,232</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets and investments	11,12	(16,979)	(16,146)
Acquisitions - net cash acquired with Nabarro LLP and Olswang LLP	3	13,380	-
Interest received		343	511
Interest paid		(7,601)	(820)
<b>Net cash flows used in investing activities</b>		<b>(10,857)</b>	<b>(16,455)</b>
<b>Cash flows from financing activities</b>			
Drawings and distributions		(116,459)	(41,380)
Payments on behalf of members		(31,027)	(33,832)
Capital contributions by members		4,989	643
Capital repayments to members		(10,466)	(1,473)
Interest received / (paid to) members		700	(759)
Payments to former members		(779)	(340)
<b>Net cash flows used in financing activities</b>		<b>(153,042)</b>	<b>(77,141)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13,508)</b>	<b>(22,364)</b>
Effect of foreign exchange rate changes		484	(773)
<b>Cash and cash equivalents at beginning of year</b>		<b>2,933</b>	<b>26,070</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(10,901)</b>	<b>2,933</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		28,705	13,280
Bank overdraft facility		(38,796)	(10,347)
<b>Cash</b>		<b>(10,091)</b>	<b>2,933</b>

## **Notes to the Financial Statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and in the preparation of the comparative figures.

##### **a. General information and basis of accounting**

CMS Cameron McKenna Nabarro Olswang LLP ("the LLP") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the members' report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued January 2017).

The functional currency of the LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

##### **b. Basis of consolidation**

The Group financial statements consolidate the financial statements of the LLP and all of its subsidiary undertakings, drawn up to 30 April each year. No individual profit and loss account is presented for the LLP, as permitted by Section 408 of the Companies Act 2006.

##### **c. Going concern**

The Group is financed by members' capital and retained profits and has access to bank facilities to supplement these if required. The bank facilities comprise a Revolving Credit Facility ("RCF") Agreement set up on 29 September 2017. The Agreement provides for a facility of £85m until 29 September 2019 with a step down to £65m for the third year until 29 September 2020 plus £20m of uncommitted overdraft arrangements which are annually renewable. The RCF was stepped down early to £65m from 1 July 2018. As set out in the Members' Report, the Group's policies on members' drawings and profit distribution incorporate consideration of the working capital needs of the business.

The members have a reasonable expectation that the Group will continue in existence for the foreseeable future. For this reason the going concern basis has continued to be adopted in preparing these accounts.

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **d. Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets, so as to write off the cost, less the estimated residual value, of tangible fixed assets on a straight-line basis over their estimated useful economic lives, as follows:

Leasehold improvements: over the shorter of 10 years and the remaining period of the lease.

Furniture and equipment: 3 to 5 years on a straight-line basis.

##### **e. Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **e. Financial instruments (continued)**

- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **(i) Investments**

In the LLP's balance sheet, investments in subsidiaries and joint ventures and associates are measured at cost less impairment.

##### **(ii) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

## Notes to the financial statements

### Year ended 30 April 2018

#### 1. ACCOUNTING POLICIES (continued)

##### f. Joint Ventures and associates

In the Group financial statements investments in joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint ventures and associates. Goodwill arising on the acquisition of joint ventures and associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures and associates.

##### g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

###### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU on a pro-rata basis.

###### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where this effect is deemed material.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.



## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **h. Taxation**

The taxation payable on the LLP profits is the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members. Consequently, neither LLP taxation nor related deferred taxation is accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### **i. Members' interests**

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

Amounts due to members after more than one year comprise provisions for annuities to current members which are not payable within twelve months of the balance sheet date.

Members are required to provide capital in proportion to the profit sharing points allocated to them. The amount per point is assessed annually, with any changes usually being effective on 1 May. Members' capital is repaid to members upon cessation of membership of the LLP.

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **i. Members' interests (continued)**

The members vote to approve the division of earned profit after the balance sheet date. As a result the balance of profit available for division among the members as at 30 April 2018 is included in members' other interests classified as equity. Taxation reserves are allocated once paid. Drawings by members on account of profits for the year are included within amounts due from members. In the event of a winding up, members' capital and other reserves (members' other interests) rank after unsecured creditors and other amounts due to members rank equally with unsecured creditors.

##### **j. Divisible profits and members' remuneration**

The LLP SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges, the spreading of acquisition integration costs and the treatment of long leasehold interests are all items which may generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been separately included within other amounts in the balance sheet rather than netted off other reserves.

Members' fixed shares of profits (excluding discretionary fixed share bonuses) and interest earned on members' balances are automatically allocated and, are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

The remainder of profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

##### **k. Turnover**

Turnover represents the fair value of legal and tax services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided and expenses incurred. Turnover is stated net of Value Added Tax. Internal expenses incurred and recharged in the course of providing services are included within turnover and the corresponding expenses recognised within operating expenses.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Turnover recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **k. Turnover (continued)**

Unbilled turnover is included as accrued income within debtors. Accrued income is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

##### **l. Employee benefits**

CMS Cameron McKenna Nabarro Olswang Services Limited (formerly CMS Cameron McKenna Services Limited) a wholly owned subsidiary company of the LLP, operates a group personal pension plan ("GPP") for UK employees. The amount charged to the profit and loss account for the GPP represents contributions payable by the employer in the year. Differences between contributions payable in the year and contributions actually paid in the year are shown as either accruals or prepayments in the balance sheet.

The LLP has two defined benefit pension schemes

- A scheme from the legacy CMS Cameron McKenna business which closed to new entrants in 1997 and closed to future accrual in 2011.
- A scheme from the legacy Nabarro business which closed to new entrants in 2001 and closed to future accrual in 2004.

The amounts charged to operating profit are the costs arising from benefit changes, settlements and curtailments. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs.

The defined benefit schemes are valued every three years by a qualified independent actuary who also prepares interim valuations at the balance sheet date. The assets of the schemes are held separately in trustee administered funds. The scheme operating and financing costs are charged to the profit and loss account in the year in which they arise and are recognised separately. Actuarial gains and losses, including changes in actuarial assumptions and the difference between actual and expected returns on assets during the year, are recognised immediately in other comprehensive income.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

##### **m. Annuity provisions**

Provisions are established for agreed future payments in respect of annuities to former and retiring partners. There is not an automatic entitlement of future annuities to current partners.

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **n. Foreign currency**

Transactions denominated in currencies other than the reporting currency are recorded at the rate of exchange ruling at the date of the transaction. All monetary and non-monetary assets and liabilities not denominated in the reporting currency at the balance sheet date are translated at the rates ruling at that date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised through the profit and loss account in the period in which they arise except for:

- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

##### **o. Leases**

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

- Assets held under finance leases, which are leases where substantially all of the risks and rewards of ownership of the assets have passed to the Group, are capitalised as tangible fixed assets at the fair value and are depreciated over their estimated useful economic lives. The capital elements of future obligations under such leases are included as liabilities whilst the interest element of the obligations is charged to the profit and loss account over the term of the leases and represents a constant proportion of the balance of capital repayments outstanding

##### **p. Provisions**

Provision is made for the best estimate of expected losses from onerous contracts; in particular, in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from sub-tenants.

Provision is made for dilapidations in respect of property leases that contain requirements for the premises to be returned to their original state at the conclusion of the lease term.

The provision for claims represents the estimated cost to LLP or Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

The LLP has conditional commitments to pay annuities to certain people who are; former partners of CMS Cameron McKenna (a predecessor unincorporated partnership), former members of the LLP or widows of such partners and members. A provision is only recognised in the financial statements once the conditions have been met.

## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **p. Provisions (continued)**

###### *Discounting*

Long term provisions are shown at the discounted present value of the expected liability where material. Increases during the period arising from the passage of time and the effect of any change in the discount rate are charged to the profit and loss account and included under the 'Net finance costs' caption.

#### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's and LLP's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements and estimates that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Revenue recognition – accrued revenue**

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year-end, having regard to the Group's accounting policy for revenue recognition.

- **Actuarial assumptions**

The measurement of defined benefit obligations is dependent upon material key assumptions, including discount rates, life expectancy rates, future returns on assets and future contribution rates. This liability has been independently valued by actuaries based on information provided by the Group. The assumptions are set out in note 20 and have been determined having taken advice from the independent actuaries.

- **Onerous lease obligations**

The provisions recorded in respect of onerous leases have been made using estimates of future use, and the present value of rental payments and future income.

- **Impairment of debtors**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience. See note 13 for the net carrying amount of the Group's debtors.

## Notes to the financial statements

### Year ended 30 April 2018

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

- **Measurement of provisions**

The Group's provisions, as set out in note 16 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on Management's best estimate of future cash flows.

#### 3. ACQUISITIONS

On 1 May 2017 the LLP completed a transaction with Nabarro LLP and Olswang LLP ("Nabarro and Olswang") and their subsidiaries which has been accounted for as an acquisition as defined by FRS102 Section 19 "Business Combinations and Goodwill". The LLP acquired the assets and liabilities of Nabarro and Olswang in return for which the members of Nabarro and Olswang became members of the LLP. The primary reason for the merger was to maximise opportunities in the legal marketplace through combining the experience and expertise of all three businesses. The merger has been accounted for using the acquisition method of accounting. There was no goodwill arising as a result of the acquisition.

The summary profit and loss accounts of Nabarro LLP and Olswang LLP for the year ended 30 April 2017 were as follows:

	Nabarro LLP £'000	Olswang LLP £'000
Turnover	131,138	95,795
Profit before members' remuneration	41,825	7,506

No analysis for the current financial year is presented as the operations of Nabarro LLP and Olswang LLP were integrated immediately into the operations of the LLP, which operated from that date as a single business.

The following tables summarises the adjustments made to the book value of the major categories of assets and liabilities acquired to arrive at the fair values included in the consolidated accounts at the date of acquisition.

## Notes to the financial statements

### Year ended 30 April 2018

#### 3 ACQUISITIONS (CONTINUED)

##### Nabarro LLP

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Tangible fixed assets	1,958	-	1,958
Cash at bank and in hand	10,469		10,469
Other current assets	75,572	-	75,572
Creditors	(36,659)	-	(36,659)
Net assets	<u>51,340</u>	<u>-</u>	<u>51,340</u>
<b>Cost of acquisition</b>			<u>51,340</u>
<b>Satisfied by</b>			
Capital and current accounts issued			<u>51,340</u>
<b>Members' interests on acquisition</b>			
Capital and current accounts issued			51,340
Amounts due from members (included in other current assets above)			(19,161)
Total members' interests			<u>32,179</u>

##### Olswang LLP

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Tangible fixed assets	605	-	605
Cash at bank and in hand	2,911	-	2,911
Other current assets	53,952	-	53,952
Creditors	(41,991)	-	(41,991)
Net assets	<u>15,477</u>	<u>-</u>	<u>15,477</u>
<b>Cost of acquisition</b>			<u>15,477</u>
<b>Satisfied by</b>			
Capital and current accounts issued			<u>15,477</u>
<b>Members' interests on acquisition</b>			
Capital and current accounts issued			17,878
Amounts due from members (included in other current assets above)			(13,502)
Total members' interests			<u>4,376</u>

An amount of £28,855,000 has been charged to the Group profit and loss account in respect of costs incurred in reorganising, restructuring and integrating the acquisition in the year to 30 April 2018.

## Notes to the financial statements

### Year ended 30 April 2018

#### 4. TURNOVER

	2018 £'000	2017 £'000
<b>Group turnover</b>		
United Kingdom	449,109	223,774
Outside United Kingdom	68,459	49,434
	<u>517,568</u>	<u>273,208</u>

Turnover represents the fair value of legal and tax services provided during the year on client assignments.

#### 5. NET FINANCE COSTS

##### Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest receivable	343	216
Unwinding of discounts on provisions	22	21
Foreign exchange gains	-	268
	<u>365</u>	<u>505</u>

##### Interest payable and similar charges

	2018 £'000	2017 £'000
Bank loans and overdrafts	(5,346)	(589)
Net interest on defined benefit assets and liability	(407)	(28)
Foreign exchange loss	(1,834)	-
Other interest and finance costs	(583)	(231)
	<u>(8,170)</u>	<u>(848)</u>
Net finance costs	<u>(7,805)</u>	<u>(343)</u>



## Notes to the financial statements

### Year ended 30 April 2018

#### 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION AND MEMBERS' REMUNERATION AND PROFIT SHARES

Profit on ordinary activities before taxation is stated after charging:

	Notes	2018 £'000	2017 £'000
Depreciation of tangible fixed assets	11	12,552	7,573
Operating lease rentals			
- Land and buildings		16,649	11,728
- Plant & machinery		36	25
		<u>29,237</u>	<u>19,326</u>

The analysis of the auditor's remuneration is as follows:

	2018 £'000	2017 £'000
Fees payable to the LLP's auditor for the audit of the Limited Liability Partnership annual accounts	158	115
Audit of subsidiaries	<u>77</u>	<u>17</u>
Total audit fees	235	132
Other assurance services	<u>70</u>	<u>53</u>
Total assurance services	<u>305</u>	<u>185</u>
Taxation compliance services	48	41
Other taxation advisory services	283	11
Other services	<u>-</u>	<u>213</u>
Total non-audit fees	<u>331</u>	<u>265</u>
<b>Total fees</b>	<u>636</u>	<u>450</u>
Fees payable to the LLP's auditor in respect of associated pension schemes		
Audit	<u>9</u>	<u>9</u>

Fees payable to Deloitte LLP for non-audit services to the LLP are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

## Notes to the financial statements

### Year ended 30 April 2018

#### 7. STAFF NUMBERS AND COSTS

The average number of people employed during the year (excluding members) was:

	<b>Group</b>		<b>LLP</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Fee-earners	1,551	1,147	51	91
Support staff	819	503	52	44
	<u>2,370</u>	<u>1,650</u>	<u>103</u>	<u>135</u>

Staff costs incurred during the year in respect of employees were:

	<b>Group</b>		<b>LLP</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries	163,025	74,137	5,002	5,474
Social security costs	15,006	8,525	311	282
Pension costs	6,310	5,843	121	58
	<u>184,341</u>	<u>88,504</u>	<u>5,434</u>	<u>5,814</u>

#### 8. MEMBERS' REMUNERATION AND TRANSACTIONS

Profits are shared among the members in accordance with agreed profit sharing arrangements and include interest on members' funds. Profits are shared after the financial statements have been approved by the members.

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Average number of members	<u>376</u>	<u>198</u>

The highest remuneration of a member for the year was £1,001,000 (2017 – £798,000).

**Notes to the financial statements**  
**Year ended 30 April 2018**

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

Taxation arises within the subsidiary undertakings and overseas entities of the group and represents:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	557	135
Foreign tax	233	10
Adjustments in respect of prior years		
UK corporation tax	(333)	45
Foreign tax	86	17
<b>Total current tax</b>	<u>543</u>	<u>207</u>
Deferred tax – origination and reversal of timing differences and adjustment in respect of prior year (see note 16)	(138)	-
<b>Total tax on profit on ordinary activities</b>	<u><u>405</u></u>	<u><u>207</u></u>

Deferred tax is calculated in full under the liability method on timing differences arising in the corporate subsidiaries

## Notes to the financial statements

### Year ended 30 April 2018

#### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is higher (lower in 2017) than the standard rate of corporation tax in the UK at the hybrid rate of 19% (19.92% in 2017).

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £'000	2017 £'000
Profits on ordinary activities before tax of subsidiary undertakings	151,315	70,785
Less: amounts subject to income tax	(148,225)	(64,177)
<b>Profits of the LLP and corporate subsidiaries subject to taxation</b>	<u>3,090</u>	<u>6,608</u>
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 19% (19.92% in 2017)	587	1,316
<b>Factors affecting the charge for the year:</b>		
- Losses in subsidiary undertakings not relieved	(584)	(105)
- Expenditure / (income) not tax deductible	818	(1,057)
- Different tax rates in other jurisdictions	(31)	(9)
Adjustments to tax charge in respect of previous periods	(247)	62
Deferred tax – origination and reversal of timing differences and adjustment in respect of prior year (see note 16)	(138)	-
<b>Group total tax charge for period</b>	<u>405</u>	<u>207</u>

#### 10. PROFIT OF THE LIMITED LIABILITY PARTNERSHIP

The partnership has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £102,104,000 (2017: £56,275,000).

## Notes to the financial statements

### Year ended 30 April 2018

#### 11. TANGIBLE FIXED ASSETS

<b>GROUP</b>	<b>Leasehold improvements £'000</b>	<b>Furniture and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 May 2017	37,007	44,137	81,144
Transfer in on acquisition	1,880	683	2,563
Additions	10,755	5,471	16,226
Disposals	(407)	(619)	(1,026)
At 30 April 2018	<u>49,235</u>	<u>49,672</u>	<u>98,907</u>
<b>Depreciation</b>			
At 1 May 2017	7,301	28,236	35,537
Charge for the year	5,191	7,361	12,552
Disposals	(345)	(643)	(988)
At 30 April 2018	<u>12,147</u>	<u>34,954</u>	<u>47,101</u>
<b>Net book value</b>			
At 30 April 2018	<u>37,088</u>	<u>14,718</u>	<u>51,806</u>
At 30 April 2017	<u>29,706</u>	<u>15,901</u>	<u>45,607</u>

  

<b>LLP</b>	<b>Leasehold improvements £'000</b>	<b>Furniture and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 May 2017	35,727	41,240	76,967
Transfer in on acquisition	503	474	977
Additions	10,325	4,767	15,092
Disposals	(153)	(58)	(211)
At 30 April 2018	<u>46,402</u>	<u>46,423</u>	<u>92,825</u>
<b>Depreciation</b>			
At 1 May 2017	6,168	26,145	32,313
Charge for the year	4,947	7,004	11,951
Disposals	(80)	(37)	(117)
At 30 April 2018	<u>11,035</u>	<u>33,112</u>	<u>44,147</u>
<b>Net book value</b>			
At 30 April 2018	<u>35,367</u>	<u>13,311</u>	<u>48,678</u>
At 30 April 2017	<u>29,559</u>	<u>15,095</u>	<u>44,654</u>

## Notes to the financial statements

### Year ended 30 April 2018

#### 12. FIXED ASSET INVESTMENTS

The LLP and the Group have investments in the following subsidiary undertakings, joint ventures, and other investments.

##### Group investments

	Share of Joint Venture				
	Moscow	Turkey	Hong Kong	Total	Other
	£'000	£'000	£'000	£'000	Investments £'000
<b>As at 1 May 2017</b>	-	837	50	<b>887</b>	783
Amounts re-classified	5	-	575	<b>580</b>	(580)
Additions	-	-	714	<b>714</b>	39
Profit / (loss) for the period	(350)	25	(478)	<b>(803)</b>	-
Other adjustments	-	(25)	(420)	<b>(445)</b>	-
Adjusted against loan receivable	350	-	-	<b>350</b>	-
<b>Net book value 30 April 2018</b>	<b>5</b>	<b>837</b>	<b>441</b>	<b>1,283</b>	<b>242</b>

<b>Loans to Moscow JV</b>	<b>£'000</b>
At 1 May 2017	5,144
Disposal	(3,285)
Revaluation gain	231
At 30 April 2018	<u>2,090</u>

##### Impairment

At 1 May 2017	(3,819)
Loss for the period	(350)
Revaluation loss	(641)
Disposal	3,285
At 30 April 2018	<u>(1,525)</u>

##### Net book value

At 30 April 2018	<u>565</u>
At 30 April 2017	<u>1,325</u>

**Notes to the financial statements**  
**Year ended 30 April 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

**LLP investments**

<b>Share of Joint Venture</b>	<b>Moscow £'000</b>	<b>Turkey £'000</b>	<b>Hong Kong £'000</b>	<b>Total £'000</b>
<b>As at 1 May 2017</b>	-	837	50	887
Amounts re-classified	5	-	575	580
Additions	-	-	714	714
Profit / (loss) for the period	(350)	25	(478)	(803)
Other adjustments	-	(25)	(420)	(445)
Adjusted against loan receivable	350	-	-	350
<b>Net book value 30 April 2018</b>	<b>5</b>	<b>837</b>	<b>441</b>	<b>1,283</b>

<b>Other investments</b>	<b>Share of Joint Venture £'000</b>	<b>Other investments £'000</b>	<b>Subsidiary undertakings £'000</b>	<b>Total £'000</b>
Cost at 1 May 2017	580	3,942	375	4,897
Additions	-	203	-	203
Amounts re-classified	(580)	-	-	(580)
<b>Cost at 30 April 2018</b>	<b>-</b>	<b>4,145</b>	<b>375</b>	<b>4,520</b>

**Notes to the financial statements**  
**Year ended 30 April 2018**

**12. FIXED ASSET INVESTMENTS (continued)**

**Moscow**

In 2008, the LLP entered into a joint venture agreement with two other partner firms of the CMS network to create CMS International BV, a company incorporated in the Netherlands and established to provide legal and tax advice in the Russian Federation. CMS International BV began trading on 1 January 2009. During the year the LLP provided professional services and office support to the joint venture with a value of £106,000 (2017 £30,000). At 30 April 2018 the joint venture had a trading balance due to the LLP of £nil (2017 £50,000) and held shareholder loans received from the LLP of £2,090,000 (2017 – £5,144,000).

Shareholder long-term loans that form part of the LLP's net investment in the Moscow joint venture are included within Other Debtors.

**Istanbul TAP**

In 2015, the LLP entered into an agreement with one other partner firm of the CMS network to create a Turkish Attorney Partnership - Yalçın Babalioğlu Boso Law Firm (the TAP) - to provide Turkish legal and tax advice. This entity began trading in February 2015. During the year the LLP provided professional services and office support to the TAP with a value of £321,000, (2017 - £149,000). At 30 April 2018 the TAP had a trading balance due to the LLP of £661,000 (2017 - £342,000) and held loans received from the LLP of £nil (2017 - £100,000).

**Hong Kong**

In 2016/17, the LLP entered into an agreement with one other partner firm of the CMS network to create a joint venture in Hong Kong, which commenced in January 2017. The joint venture provides local and international legal and tax advice to the clients of the respective joint venture partners. During the year the LLP provided professional services and office support to the Hong Kong joint venture with a value of £552,000 (2017 £139,000). At 30 April 2018 the joint venture had a trading balance due to the LLP of £223,000 (2017 - £181,000)

At 30 April 2018 the LLP held investments in the following entities.



## Notes to the financial statements

### Year ended 30 April 2018

#### 12. FIXED ASSET INVESTMENTS (continued)

##### Trading entities

Entity	Country of Incorporation or Registration	Activity	Proportion of voting rights and shares held
BKP Sp. Zoo	Poland	Service company	100%
Cameron Moshaveran Sepanta	Iran		90%
CMS (Nominees)	England & Wales	Intermediate Holding Company	100%
CMS Cameron McKenna E.O.O.D.	Bulgaria	Provision of legal services	100%
CMS Cameron McKenna Holdings Limited	England & Wales	Holding Company	100%
CMS Cameron McKenna LLC	Ukraine	Provision of legal services	100%
CMS Cameron McKenna Nabarro Olswang Services Limited	England & Wales	Service company	100%
CMS International BV*	Netherlands	Provision of legal services	33.3%
CMS IT Services & Support SRL	Romania	Provision of IT services	100%
CMS Tax LLC	Romania	Provision of tax services	95%
Eagle Place Services Limited	England & Wales	Property services	100%
Law Now Limited	England & Wales	e-learning services	100%
Olswang Cosec Limited	England & Wales	Company secretarial services	100%
OMD Services	England & Wales	Property services	100%
Holborn Law**	Singapore	Professional services	-

\* CMS International BV is a company incorporated in the Netherlands and established to provide legal and tax advice in the Russian Federation. See the Moscow JV section below for further details.

\*\* The LLP has no voting rights or shares in Holborn Law. However, management consider that it exercises control over the operating and financial policy decision making of this company and therefore has consolidated it into the Group financial statements.

**Notes to the financial statements**  
**Year ended 30 April 2018**

**12. FIXED ASSET INVESTMENTS (continued)****Non trading or dormant entities**

<b>Entity (Registration No.)</b>	<b>Country of Incorporation or Registration</b>	<b>Activity</b>	<b>Proportion of voting rights and shares held</b>
Cameron McKenna Limited (03271393)	England and Wales	Dormant	100%
CMS Cameron McKenna Pension Trustees Limited (03271381)	England and Wales	Dormant	100%
Clearcounsel Ltd (03880689)	England & Wales	Dormant	100%
Clearcounsel Trading Ltd (04395400)	England & Wales	Dormant	100%
CMS Limited (04040259)	England and Wales	Dormant	100%
D.W. Company Services Limited(SC079179)	Scotland	Secretarial services	100%
D.W. Director 1 Limited (SC152493)	Scotland	Company formation & other services	100%
D.W. Property Edinburgh Limited (SC232868)	Scotland	Property related Services	100%
D.W. Property Glasgow Limited (SC232869)	Scotland	Property related Services	100%
D.W. Property London Limited (SC232870)	Scotland	Property related Services	100%
Dundas & Wilson CS Limited (SC100314)	Scotland	Dormant	100%
Dundas & Wilson Services (07528367)	England and Wales	Service company	100%
Dundas & Wilson Staff Pension Trustee Ltd (SC328564)	Scotland	Dormant	
E F T & S Trustees Ltd (00909165)	England & Wales	Dormant	100%
Eagle Place Notices Ltd (03014599)	England & Wales	Dormant	100%

## Notes to the financial statements

### Year ended 30 April 2018

#### 12. FIXED ASSET INVESTMENTS (continued)

##### Non trading or dormant entities (continued)

Entity (Registration No.)	Country of Incorporation or Registration	Activity	Proportion of voting rights and shares held
Eagle Place Trustees Ltd (00859711)	England & Wales	Dormant	100%
EPS Secretaries Ltd (2231995)	England & Wales	Dormant	100%
H H Risk Finance Ltd (08038509)	England & Wales	Dormant	100%
Mikjon Ltd (2463842)	England & Wales	Dormant	100%
Mitre Directors Limited (04316680)	England and Wales	Dormant	100%
Mitre Secretaries Limited (01447749)	England and Wales	Dormant	100%
Nabarro Nathanson Limited (2205416)	England and Wales	Dormant	100%
Nabarro Singapore Services Pte Ltd	Singapore	Dormant service company	100%
Nabco 1 Ltd (02122392)	England & Wales	Dormant	100%
Nabco 2 Ltd (07346569)	England & Wales	Dormant	100%
Olswang Directors 1 Ltd (04058026)	England & Wales	Dormant	100%
Olswang Directors 2 Ltd (04058027)	England & Wales	Dormant	100%
Olswang Holdings Ltd (03937681)	England & Wales	Dormant	100%
Olswang Nominees Ltd (04058036)	England & Wales	Dormant	100%
Olswang Services Limited (06807217)	England & Wales	Dormant	100%
Stratton Street Trustees Ltd (02637522)	England & Wales	Dormant	100%
TKB Registrars Ltd (00910149)	England & Wales	Dormant	100%
TKB Trustees Ltd (02221155)	England & Wales	Dormant	100%
Twenty-Eight Nominees Limited	Scotland	Trustees and nominees	100%

The individual accounts of the dormant companies, have not been audited, as permitted by Sections 394A, 448A and 479A of the Companies Act 2006.

## Notes to the financial statements

### Year ended 30 April 2018

#### 12. FIXED ASSET INVESTMENTS (continued)

In addition the LLP has a 100% interest in the following LLPs

Entity (Registration No.)	Country of Registration	Activity
CMS Cameron McKenna Nabarro Olswang (Singapore) LLP	England and Wales	Legal Services
CMS (UAE) LLP	England and Wales	Legal Services
Olswang Germany LLP	England and Wales	Legal Services
Dundas & Wilson CS LLP (SC100314)	Scotland	Dormant
Dundas & Wilson LLP (OC309328)	England and Wales	Dormant
Nabarro LLP (OC334031)	England and Wales	Dormant
Nabarro Singapore LLP	Singapore	Dormant
Olswang LLP (OC343050)	England and Wales	Dormant
Olswang Belgium LLP (OC384445)	England and Wales	Dormant
Olswang France LLP (OC359071)	England and Wales	Dormant
Olswang Spain LLP (OC356788)	England and Wales	Dormant
Olswang Partners LLP (OC300377)	England and Wales	Dormant

The individual accounts of the dormant companies, have not been audited, as permitted by Sections 394A, 448A and 479A of the Companies Act 2006

#### Registered Office Addresses

All entities registered in England and Wales have a registered office address of Cannon Place, 78 Cannon Street, London EC4N 6AF.

All entities registered in Scotland have a registered office address of Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

BKP Sp. Zoo - Emilii Plater 53, 00-113 Warsaw, Poland.

Cameron Moshaveran Sepanta – Unit 9, Fifth floor, Building no.13, Noor Street, Africa (Mandela) Avenue, Postcode: 1917745313, Tehran, Iran.

CMS Cameron McKenna EOOD – 14 Tsar Osvoboditel Blvd, Floor 1, 1000 Sofia, Bulgaria.

CMS Cameron McKenna LLC - 38 Volodymyrska Street, Kyiv, Ukraine.

CMS International BV - Amstelplein 8, 1096BC Amsterdam, Netherlands.

CMS IT Services & Support SRL - S-Park, 11-15 Tipografilor Street, B3-B4 4th Floor, District 1, 013714 Bucharest, Romania.

CMS Tax LLC – S-Park, 11-15 Tipografilor Street, B3-B4 4th Floor, District 1, 013714 Bucharest, Romania.

Holborn Law LLC, Nabarro Singapore LLP and Nabarro Singapore Services Pte Ltd - 7 Straits View, Marina One East Tower, #19-01, Singapore 018936

## Notes to the financial statements

### Year ended 30 April 2018

#### 13. DEBTORS

	Group		LLP	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade debtors	186,345	97,334	167,027	83,158
Accrued income	33,833	11,378	30,840	9,437
Amounts due from group undertakings	-	-	-	6,561
Amounts due from members	16,738	11,410	16,738	11,410
Corporation tax	1,204	1,424	-	-
Other debtors and prepayments	18,974	10,580	23,634	9,181
	<u>257,094</u>	<u>132,126</u>	<u>238,239</u>	<u>119,747</u>

Amounts due to group undertakings are interest free and repayable on demand.

#### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		LLP	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdrafts	-	10,347	-	10,347
Loans under Revolving Credit Facilities	38,796	-	38,796	-
Trade creditors	24,970	12,251	21,827	9,903
Corporation tax	539	60	-	-
Social security and other taxes	7,675	2,919	6,145	3,421
Other creditors	54,909	30,926	50,854	30,555
Accruals and deferred income	14,845	11,589	12,639	10,825
Amounts due to group undertakings	-	-	30,718	-
Operating lease incentive creditor	1,232	1,232	1,232	1,232
	<u>142,966</u>	<u>69,324</u>	<u>162,211</u>	<u>66,283</u>

Amounts due from group undertakings are interest free and are repayable on demand.

A Revolving Credit facility Agreement was set up on 29 September 2017. The Agreement provides for a facility of £85m until 29 September 2019 with a step down to £65m until 29 September 2020. The facility was stepped down early to £65m from 1 July 2018. The facility is provided by Lloyds Bank LLP and Royal Bank of Scotland LLP and is unsecured. The interest rate is 1.5% + LIBOR or EURIBOR. The amount drawn down is due to be repaid within one year.

## Notes to the financial statements

### Year ended 30 April 2018

#### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		LLP	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Operating lease incentive creditor	25,683	22,716	25,683	22,716
Other creditors	3,704	5,976	3,704	5,976
	<u>29,387</u>	<u>28,692</u>	<u>29,387</u>	<u>28,692</u>

The operating lease incentive creditor comprises certain cash contributions received in connection with the LLP's relocation to new London premises which will be recognised over the life of the lease.

#### 16. PROVISIONS FOR LIABILITIES

Group	Property £'000	Legal claims £'000	Deferred tax £'000	Annuities £'000	Total £'000
At 1 May 2017	1,614	1,430	-	4,060	7,104
Transfer in on acquisition	11,014	1,616	181	-	12,811
Charge to profit and loss account	11,787	786	(138)	4,539	16,974
Utilisation of provision	(6,842)	(890)	-	(2,326)	(10,058)
Released unused	-	(1,178)	-	-	(1,178)
Unwinding of discount	-	-	-	(22)	(22)
At 30 April 2018	<u>17,573</u>	<u>1,764</u>	<u>43</u>	<u>6,251</u>	<u>25,631</u>

##### Property

The provision for property is in respect of dilapidations and onerous leases - £5,270,000 and £12,303,000 respectively (2017 - £1,072,000 and £542,000). It is expected that the majority of this cash outflow will be incurred within two years of the balance sheet date.

##### Deferred tax

The deferred tax balances as at 30 April 2018 and 30 April 2017 arose from accelerated capital allowances in a subsidiary undertaking.

##### Legal claims

The provision for legal claims relates primarily to claims for alleged professional negligence. It is expected that the majority of this cash outflow will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

##### Annuities

The annuity liabilities are in relation to former partners. It is expected that the majority of this cash outflow will be incurred in the next financial year and that all will be incurred within four years of the balance sheet date.

## Notes to the financial statements

### Year ended 30 April 2018

#### 16. PROVISIONS FOR LIABILITIES (Continued)

LLP	Property £'000	Legal claims £'000	Annuities £'000	Total £'000
At 1 May 2017	1,614	1,430	4,060	7,104
Transfer in on acquisition	-	1,616	-	1,616
Charge to profit and loss account	1,398	785	4,539	6,722
Utilisation of provision	-	(890)	(2,326)	(3,216)
Released unused	(58)	(1,177)	-	(1,235)
Unwinding of discount	-	-	(22)	(22)
At 30 April 2018	<u>2,954</u>	<u>1,764</u>	<u>6,251</u>	<u>10,969</u>

#### Property

The provision for property is in respect of dilapidations and onerous leases - £2,468,000 and £486,000 respectively (2017 - £1,072,000 and £542,000). It is expected that the majority of this expenditure will be incurred within five years of the balance sheet date.

#### Legal claims

The provision for legal claims relates primarily to claims for alleged professional negligence. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

#### Annuities

The basis of calculation of the annuities provision in the LLP only balance sheet is the same as set out above in relation to the consolidated balance sheet, but takes account only of those partners whose annuity entitlements are a direct obligation of the LLP. Annuity entitlements of other partners are a contingent obligation of the LLP.

## Notes to the financial statements

### Year ended 30 April 2018

#### 17. FINANCIAL INSTRUMENTS

The carrying values of the Group financial assets and liabilities are summarised by category below:

Group	Notes	2018 £'000	2017 £'000
<b>Financial assets</b>			
Instruments measured at amortised costs			
- Trade and other debtors	13	205,319	107,914
- Accrued income	13	33,833	11,378
- Cash at bank and in bank		28,705	13,280
		<u>267,857</u>	<u>132,572</u>
<b>Financial liabilities</b>			
Measured at undiscounted amount payable			
- Bank overdraft	14	-	10,347
- Loan under Revolving credit	14	38,796	-
- Trade and other creditors	14	94,724	52,994
		<u>133,520</u>	<u>63,341</u>

The Group's income and expense in respect of financial instruments are summarised below:

Group		2018 £'000	2017 £'000
<b>Interest income and expense</b>			
Total interest income for financial assets at amortised cost	5	<u>343</u>	<u>216</u>
Total interest expense for financial liabilities at amortised cost	5	<u>5,346</u>	<u>589</u>



## Notes to the financial statements

### Year ended 30 April 2018

#### 18. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Group operating profit	159,923	71,512
Depreciation	<u>12,552</u>	<u>7,573</u>
Operating cash flow before movements in working capital	<u>172,475</u>	<u>79,085</u>
Increase in debtors	(17,452)	(13,468)
(Decrease)/Increase in creditors	(3,410)	6,010
Increase in provisions	3,525	403
Contributions to defined benefit pension scheme	(5,584)	(960)
Amounts charged for annuity obligations	2,211	187
Taxation	<u>(1,374)</u>	<u>(25)</u>
<b>Net cash inflow from operating activities</b>	<u><u>150,391</u></u>	<u><u>71,232</u></u>

#### 19. FINANCIAL COMMITMENTS

The Group and LLP's total future minimum lease payments under non-cancellable operating leases are as follows:

	<u>Group</u>		<u>LLP</u>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating lease payments in respect of land and buildings:				
- Within one year	21,328	11,324	18,325	9,002
- Between one year and five years	63,722	51,745	58,385	47,562
- After more than five years	<u>212,354</u>	<u>223,610</u>	<u>211,632</u>	<u>222,919</u>
	<u><u>297,404</u></u>	<u><u>286,679</u></u>	<u><u>288,342</u></u>	<u><u>279,483</u></u>

On 1 April 2011 the LLP entered into an agreement with Integreon Managed Solutions Limited to provide a range of business support services back to the LLP. Notwithstanding certain clauses which allow for early termination this agreement is expected to be in place for 10 years and includes commitments to develop the scope and improve the quality and efficiency of support services during that time.

At 30 April 2018 the Group and LLP had no capital commitments that were contracted but not provided for in the financial statements (2017 – nil).

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS

##### Defined contribution scheme

The cost of contributions to the Group's GPP Plan included in the profit and loss account for the year was £5,311,000 (2017 – £6,203,000).

##### Defined benefit schemes

The LLP has two defined benefit pension schemes

- A scheme from the legacy CMS Cameron McKenna business which closed to new entrants in 1997 and closed to future accrual in 2011.
- A scheme from the legacy Nabarro business which is also closed to new entrants 2001 and closed to future accrual in 2004.

##### Summary of amounts recognised in the statement of comprehensive income

	2018 £'000	2017 £'000
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income – legacy CMS Cameron McKenna	1,374	302
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income – legacy Nabarro LLP	11,825	-
Effect of the asset ceiling (irrecoverable pension scheme surplus)	(2,022)	-
Total recognised in the statement of comprehensive income	<u>11,177</u>	<u>302</u>

##### Defined benefit scheme – legacy CMS Cameron McKenna

The LLP operated a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to employees. Pension benefits are related to the scheme participants' final salary at retirement and their length of service. The defined benefit scheme has been closed to new entrants since 30 September and closed to future accrual on 1 April 2011.

The pension liabilities of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary, Mr Stuart Southall of Punter Southall. The last completed full actuarial valuation was performed as at 30 April 2017. The method used to determine pension liabilities for the defined benefit scheme is the projected unit method. Assets are measured at market value and the liabilities are discounted at the rate of return available at the balance sheet date on high quality corporate bonds.

The LLP will monitor funding levels annually and the funding schedule will be reviewed between the LLP and the members every three years, based on actuarial valuations. The Partnership considers that the contribution rates agreed with the members are sufficient to eliminate the current deficit over the agreed period.

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS (continued)

##### Defined benefit scheme – legacy CMS Cameron McKenna (continued)

Based on the latest actuarial valuation, the Partnership and the members have agreed the following funding objectives:

- to set contributions such as to eliminate the deficit by 31 December 2020;
- once the current deficit is eliminated to maintain funding at least at this level; and
- to meet the liabilities of the defined benefit scheme in the event that the plan is wound up.

The contributions to the defined benefit pension scheme are determined with the advice of an independent, qualified actuary on the basis of triennial valuations using the projected unit method. The scheme is funded and the assets are held in a separately-administered fund. The Group made employer contributions of £660,000 (2017: £960,000) during the year. It is expected that the Group will contribute £660,000 to the scheme in the year ending 30 April 2019.

The amounts recognised in the balance sheet are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Present value of funded obligations	(41,694)	(45,137)
Fair value of plan assets	43,716	45,117
Surplus/(deficit) in the pension scheme and liability	2,022	(20)
Less irrecoverable pension scheme surplus	(2,022)	-
Deficit in the pension scheme liability recognised in the balance sheet	-	(20)

The amounts recognised in the profit and loss account are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Recognised within net finance costs		
Interest on pension scheme obligations	(1,178)	(1,346)
Interest income on scheme assets	1,186	1,318
Net interest expense	8	(28)

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Return on assets, excluding interest income on pension scheme assets	(1,843)	7,658
Actuarial gain/(loss) on pension scheme liabilities	3,217	(7,356)
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income	1,374	302
Cumulative actuarial loss recognised in the statement of comprehensive income	(2,872)	(4,246)

## Notes to the financial statements

### Year ended 30 April 2018

#### 20 EMPLOYEE BENEFITS (continued)

The amounts recognised in the profit and loss account are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Recognised within net finance costs		
Interest on pension scheme obligations	(1,178)	(1,346)
Interest income on scheme assets	1,186	1,318
Net interest expense	<u>8</u>	<u>(28)</u>

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Return on assets, excluding interest income on pension scheme assets	(1,843)	7,658
Actuarial gain/(loss) on pension scheme liabilities	3,217	(7,356)
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income	<u>1,374</u>	<u>302</u>
Cumulative actuarial loss recognised in the statement of comprehensive income	<u>(2,872)</u>	<u>(4,246)</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	45,137	37,305
Interest cost	1,178	1,346
Actuarial (gain)/loss	(3,217)	7,356
Benefits paid	(1,404)	(870)
Closing defined benefit obligation	<u>41,694</u>	<u>45,137</u>

Movements in the fair value of scheme assets are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	45,117	36,051
Interest income	1,186	1,318
Return on assets, excluding interest income	(1,843)	7,658
Contributions by the employer	660	960
Benefits paid	(1,404)	(870)
Closing fair value of scheme assets	<u>43,716</u>	<u>45,117</u>

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions at the balance sheet date were as follows:

	2018	2017
Discount rate	2.65%	2.65%
Inflation (RPI)	3.10%	3.45%
Inflation (CPI)	2.00%	2.35%
Rate of increase in pension in payments		
Pre 1997 benefits	3.00%	3.00%
Post 1997 benefits	3.70%	3.80%
Post April 2006 benefits	1.95%	2.05%

At 30 April 2018, the actuarial valuations assume that mortality of scheme participants will be in line with the nationally-published S2PA mortality base table using CMI 2017 with long range annual mortality improvement of 1%.

The following table illustrates the life expectancy for a scheme participant on retirement at age 65:

		2018	2017
Retiring today	- Males	21.8	21.9
	- Females	23.7	23.7
Retiring in 20 years' time	- Males	22.8	23.0
	- Females	24.9	25.0

The assumptions used in determining the overall expected return of the scheme have been set in line with the returns targeted by the scheme and as advised by the Trustees' investment consultants. These target returns have been set with reference to yields available on bonds and cash with appropriate risk margins.

The major categories of assets in the scheme were as follows:

	Fair value 2018 £'000	Fair value 2017 £'000
Cash and swaps	(126)	1,132
Multi-asset and alternatives	16,253	23,351
Gilts	26,507	19,950
Property	1,082	684
Total market value of scheme assets	<u>43,716</u>	<u>45,117</u>

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS (continued)

The scheme assets do not directly include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.

#### Defined benefit scheme – legacy Nabarro LLP

The Nabarro LLP operated a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to its employees (and their dependants) at retirement. The defined benefit scheme has been closed to new entrants since June 2001 and to future accrual of benefits in 2004. The liability for this scheme transferred from the Nabarro LLP to CMS Cameron McKenna Nabarro LLP on the merger.

The pension liabilities of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary, Mr Richard Hennessy FIA of KPMG LLP (UK). The last completed full actuarial valuation was performed as at 30 April 2017. The method used to determine pension liabilities for the defined benefit scheme is the projected unit method. Assets are measured at market value and the liabilities are discounted at the rate of return available at the balance sheet date on high corporate bonds.

The LLP will monitor funding levels annually and the funding schedule will be reviewed between the LLP and the members every three years, based on actuarial valuations. The Partnership considers that the contribution rates agreed with the members are sufficient.

Based on the latest actuarial valuation, the Partnership and the members have agreed the following funding objectives;

- To set contributions such as to eliminate the deficit by 1 May 2022;
- Once the current deficit is eliminated to maintain the funding level;
- To meet the liabilities of the defined benefit scheme in the event that the plan is wound up

The contributions to the defined benefit pension scheme are determined with the advice of an independent, qualified actuary on the basis of triennial valuations using the projected unit method. The scheme is funded and the assets are held in a separately administered fund.

As part of the recovery plan, the Group agreed to pay £1,250,000 per annum from 2017/18 until the result of the next formal valuation is known, when the recovery plan will be reviewed again.

The estimated amount of contributions to be paid into the scheme during the financial year to 30 April 2019 is £4,850,000, representing the amount required under the recovery plan plus an expected additional amount.

In order to allow comparisons the 2017 figures have been included

The amounts recognised in the balance sheet are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	(103,390)	(117,139)
Fair value of plan assets	102,511	99,926
Deficit in the pension scheme and liability recognised in the balance sheet	<u>(879)</u>	<u>(17,213)</u>

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS (continued)

The amounts recognised in the profit and loss account are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest on pension scheme obligations	(3,062)	(3,340)
Interest income on scheme assets	2,647	3,082
Net interest expense	<u>(415)</u>	<u>(258)</u>

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Return on assets, excluding interest income on pension scheme assets	(1,831)	14,940
Actuarial gain/(loss) on pension scheme liabilities	13,656	(24,918)
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income	<u>11,825</u>	<u>(9,978)</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	117,139	91,675
Interest cost	3,062	3,340
Actuarial (gain)/loss	(13,656)	24,918
Benefits paid	(3,155)	(2,794)
Closing defined benefit obligation	<u>103,390</u>	<u>117,139</u>

Movements in the fair value of scheme assets are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	99,926	79,448
Return on assets, excluding interest income	(1,831)	14,940
Interest income	2,647	3,082
Contributions by the employer	4,924	5,250
Benefits paid	(3,155)	(2,794)
Closing fair value of scheme assets	<u>102,511</u>	<u>99,926</u>

## Notes to the financial statements

### Year ended 30 April 2018

#### 20. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions at the balance sheet date were as follows:

	2018	2017
Discount rate	2.80%	2.65%
Inflation (RPI)	3.25%	3.45%
Inflation (CPI)	2.15%	2.35%
Rate of increase in pension in payments		
Inflation (CPI) max 5%	2.19%	2.36%
Inflation (CPI) max 3%	1.91%	2.03%
Inflation (CPI) min 3% max 5%	3.27%	3.33%

At 30 April 2018, the actuarial valuations assume that mortality of scheme participants will be in line with the nationally-published S2PA mortality base table using CMI 2014 with long range annual mortality improvement of 1.25%.

The following table illustrates the life expectancy for a scheme participant on retirement at age 60:

		2018	2017
Current pensioners	- Males	26.6	26.7
Future pensioners	- Males	28.1	28.3

The assumptions used in determining the overall expected return of the scheme have been set in line with the returns targeted by the scheme and as advised by the Trustees' investment consultants. These target returns have been set with reference to yields available on bonds and cash with appropriate risk margins.

The major categories of assets in the scheme were as follows:

	Fair value 2018	Fair value 2017
Equities	18.5%	38.6%
Bonds	65.5%	46.4%
Cash	0.4%	0.2%
Alternatives	15.6%	14.8%
Total market value of scheme assets	<u>100.0%</u>	<u>100.0%</u>

The scheme assets do not directly include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.



## **Notes to the financial statements**

### **Year ended 30 April 2018**

#### **21. CONTINGENT LIABILITIES**

In the normal course of business, the Group may receive claims for alleged negligence. The Group maintains appropriate professional indemnity cover through the commercial market. The costs associated with handling and settling claims that are considered likely to succeed are provided for, net of the related insurance receivable, as disclosed in note 16, 'Provision for liabilities'. Claims that are only considered possible or unlikely to succeed are assumed to have zero likely cost and are therefore not provided for.

#### **22. RELATED PARTY TRANSACTIONS**

The total remuneration for key management personnel in the year was £3,999,000 (2017 - £2,790,000).

CMS Cameron McKenna Nabarro Olswang LLP has relied upon the exemption given in FRS 102 (33.1A) not to disclose transactions between itself and its subsidiary undertakings. Transactions and balances relating to joint ventures are separately disclosed in note 12, 'Investments'. There is no ultimate controlling party.

#### **23. CONTROLLING PARTY**

The LLP is controlled by its members and as such there is no one controlling party.