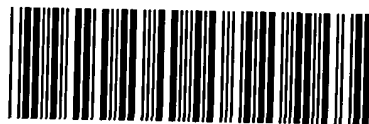


Baker & McKenzie LLP

Annual Report and Financial Statements

For the Year ended 30 June 2015

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Baker & McKenzie LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2015**

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Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended 30 June 2015

OFFICERS AND PROFESSIONAL ADVISERS

DESIGNATED MEMBERS

H Bradley

T Cassels

M Kurnatowska

P Rawlinson

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

BANKERS

National Westminster Bank plc
Aldwych Branch
London

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS for the year ended 30 June 2015

MEMBERS' REPORT

The members are pleased to present their annual report and audited financial statements of the group for the year ended 30 June 2015.

PRINCIPAL ACTIVITY

The principal activity of Baker & McKenzie LLP is the provision of legal services in the United Kingdom to clients in the UK and overseas.

GOING CONCERN

Details regarding the adoption of the going concern basis is presented in note 1 of the accounting policies.

RESULTS

The results for the year are set out on page 7. The members regard the results and future prospects to be satisfactory.

LEGAL STRUCTURE

Baker & McKenzie LLP, a limited liability partnership registered in England and Wales, was incorporated on 1 February 2005. On 1 October 2010 the employment contracts of all employees of Baker & McKenzie LLP were transferred to Baker & McKenzie Services Limited (which is wholly owned by Baker & McKenzie LLP). From that date Baker & McKenzie Services Limited has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

On 1 September 2013 the employment contracts of certain employees of Baker & McKenzie Services Limited were transferred to Baker & McKenzie Services II LLP. From that date Baker & McKenzie Services II LLP has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

On 5 April 2014 these employment contracts were transferred to Baker & McKenzie Services II. From that date Baker & McKenzie Services II has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

DESIGNATED MEMBERS

The designated members who served during and since the year, except as noted, were as follows:

H Bradley

T Cassels (Resigned 1 September 2015)

M Kurnatowska

A Poulton (Appointed 1 September 2015)

P Rawlinson

MEMBERS' DRAWINGS AND CAPITAL POLICY

The members are remunerated out of the profits of Baker & McKenzie LLP. Allocation of profits is made on a financial statements basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis. During the year the members receive monthly drawings on account of their share of distributable profits, and further distributions are made such that the entire distributable profit is paid to partners within five months of the year end.

No retention for member's personal tax is made. Members are responsible for settling their liabilities personally.

An individual member's capital requirement is linked to the member's profit share and the number of years of service and the requirements of the business. Capital is repaid to members on resignation or retirement from Baker & McKenzie LLP.

Baker & McKenzie LLP

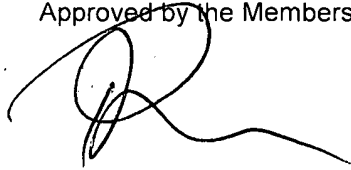
**ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2015**

MEMBERS' REPORT (Continued)

AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual Members Meeting.

Approved by the Members and signed on their behalf



Designated Member

24 March 2016

P RAWLINSON



Designated Member

24 March 2016

A POULTON

**ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2015**

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

The Limited Liability Partnership Regulations 2001 made under 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). 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 year. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm 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 firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP

We have audited the financial statements of Baker & McKenzie LLP for the year ended 30 June 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated and LLP Balance Sheets, 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 (United Kingdom Generally Accepted Accounting Practice).

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

Respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 June 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you 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.



Peter Saunders (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

24 March 2016

Baker & McKenzie LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30 June 2015

	Notes	2015 £000's	2014 £000's
TURNOVER	2	145,246	132,996
Administrative expenses		(98,854)	(92,142)
Other operating income		1,584	1,228
OPERATING PROFIT	3	47,976	42,082
Net interest (payable)/receivable	5	(39)	65
PROFIT BEFORE TAXATION		47,937	42,147
Taxation	7	(574)	(591)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	14	47,363	41,556

All results relate to continuing activities.

There have been no recognised gains or losses other than the profit for the current and preceding year. Accordingly no statement of total recognised gains and losses is presented.

Baker & McKenzie LLP

CONSOLIDATED BALANCE SHEET As at 30 June 2015

	Notes	2015 £000's	2014 £000's
Fixed Assets			
Tangible assets	9	4,361	4,729
Current Assets			
Debtors	10	74,006	65,014
Amounts due from members	14	77,898	69,715
Cash at bank and in hand		10,055	3,673
		161,959	138,402
Creditors: amounts falling due within one year	11	(21,278)	(14,179)
Net Current Assets		140,681	124,223
Total Assets Less Current Liabilities		145,042	128,952
Provisions for liabilities	12	(35)	(350)
Net Assets Attributable to Members		145,007	128,602
Represented by			
Loans and other debt due to members within one year:			
Members' capital classified as a liability under FRS 25	14	15,054	11,122
Equity:			
Other reserves	14	129,953	117,480
Members' Other Interests		145,007	128,602
Total Member Interests			
Members' other interests	14	145,007	128,602
Amounts due from members	14	(77,898)	(69,715)
	14	67,109	58,887

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 24 March 2016.

Signed on behalf of the Members

Designated Member

P RAWLINSON

Designated Member

A POULTON

Baker & McKenzie LLP

LIMITED LIABILITY PARTNERSHIP BALANCE SHEET As at 30 June 2015

	Notes	2015 £000's	2014 £000's
Fixed Assets			
Tangible assets	9	4,361	4,729
Current Assets			
Debtors	10	71,461	60,377
Amounts due from members	15	75,028	68,222
Cash at bank and in hand		9,966	3,398
		156,455	131,997
Creditors: amounts falling due within one year	11	(23,243)	(11,118)
Net Current Assets		133,212	120,879
Total Assets Less Current Liabilities		137,573	125,608
Provisions for liabilities	12	(35)	(350)
Net Assets Attributable to Members		137,538	125,258
Represented by			
Loans and other debt due to members within one year:			
Members' capital classified as a liability under FRS 25	15	15,054	11,122
Equity:			
Other reserves	15	122,484	114,136
Members' Other Interests		137,538	125,258
Total Member Interests			
Members' other interests	15	137,538	125,258
Amounts due from members	15	(75,028)	(68,222)
	15	62,510	57,036

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 24 March 2016.

Signed on behalf of the Members

Designated Member

P RAWLINSON

Designated Member

A Poulton

Baker & McKenzie LLP**CONSOLIDATED CASH FLOW STATEMENT**
For the year ended 30 June 2015

	Notes	2015 £000's	2014 £000's
Net cash inflow from operating activities	18	46,837	43,909
Returns on investments and servicing of finance	19	(39)	65
Taxation	19	(561)	(619)
Capital expenditure and financial investment	19	(714)	(846)
Transactions with members	19	(39,141)	(43,459)
Increase/(decrease) in cash	20,21	<u>6,382</u>	<u>(950)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. These have all been applied consistently throughout the current year and the preceding year.

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted by the members are described below.

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The members have prepared the financial statements on the going concern basis. The LLP's principal activity and policy on members' drawings and capital is set out in the Members' Report on page 2.

The members have reviewed the LLP's forecast cash flow projections for a period of at least 12 months from the date of signing of the financial statements. As a consequence, the members believe that the LLP is well placed to manage its business risks successfully despite the current uncertain economic outlook. On this basis, the members are satisfied that the LLP has adequate resources to continue in operational existence for the foreseeable future.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Baker & McKenzie LLP and all of its subsidiary undertakings, Baker & McKenzie Services Limited and Baker & McKenzie Services II.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, on each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	10% per annum
Computer equipment	20% - 33.33% per annum
Fixtures and fittings	12.5% - 20% per annum

Turnover

Fee income represents amounts receivable, both billed and unbilled, for services provided in the normal course of business net of VAT and disbursements.

Amounts recoverable from clients in respect of unbilled work performed

Services provided to clients during the year which, at the balance sheet date have not been invoiced, have been recognised as turnover in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions: Application note G Revenue Recognition'.

Turnover recognised in this manner is based on assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Members' interests

In accordance with Financial Reporting Standard No. 25, Financial Instruments: Disclosure and Presentation, members' interests have been presented as follows:

- classification of members' capital as a financial liability; and
- discretionary profit allocations are classified as a division of profits within members' interests.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Members are personally liable for taxation on their share of the profits of the limited liability partnership. Consequently no reserve for taxation is made in the financial statements in respect of members' tax liabilities, and the profits are shown within Members' Interests or as 'Loans and other debts due to members' without any deduction for tax.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are included in the profit and loss account.

Provisions

Provision is made on a case by case basis in respect of the cost of defending claims and, where appropriate, the estimated cost to Baker & McKenzie LLP of settling claims. Separate disclosure is not made of any expected insurance recoveries in respect of claims on the grounds that disclosure might seriously prejudice the position of the firm.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Pension costs

Baker & McKenzie LLP operates a defined contribution pension scheme for staff. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Members of Baker & McKenzie LLP are required to make their own provision for pensions.

Allocation of profits

A member's share in the profit or loss for the year is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

2. TURNOVER

Turnover represents fee income earned from the provision of legal services in the United Kingdom, and is stated net of value added tax.

3. OPERATING PROFIT

	2015 £000's	2014 £000's
Operating profit is stated after charging:		
Depreciation		
- owned assets	1,082	1,057
Rentals under operating leases		
Other operating leases	6,807	6,807
Auditor's remuneration		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	59	65
Fees payable to the LLP's auditor for other services to the LLP		
- The audit of the LLP's subsidiary entities	3	13
- Other assurance services	47	25
- Tax compliance for the LLP and its members and subsidiary entities	208	276
	<u>208</u>	<u>276</u>

4. STAFF COSTS

	2015 No.	2014 No.
Average number of persons employed during the year excluding members		
Practice	306	312
Support staff	308	302
	<u>614</u>	<u>614</u>
	2015 £000's	2014 £000's
Employee costs during the year amounted to:		
Wages and salaries	44,445	40,920
Redundancy costs	140	312
Social security costs	5,976	5,573
Pension costs	1,726	1,691
	<u>52,287</u>	<u>48,496</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

5. NET INTEREST (PAYABLE)/RECEIVABLE

	2015 £000's	2014 £000's
Interest receivable	18	65
Interest payable	(57)	-
	<u>(39)</u>	<u>65</u>

6. MEMBERS' SHARE OF PROFITS

Allocation of profits is made on a financial statement year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members. All members are required to make their own provision for pensions from their profit shares.

The profit attributable to the member with the largest entitlement to profit was £1,777,000 (2014: £2,118,000).

	2015 No	2014 No
Average number of members during the year	<u>85</u>	<u>82</u>

7. TAXATION

	2015 £000's	2014 £000's
Current tax	<u>574</u>	<u>591</u>
Profit before taxation	47,937	42,147
Less Amounts subject to personal tax	<u>(45,168)</u>	<u>(40,365)</u>
Profits subject to taxation	<u>2,769</u>	<u>1,782</u>
UK corporation tax of 20.8% (22.5% to 31 March 2015)	575	401
Tax effect of		
- Transfer pricing adjustment	-	188
- Expenses disallowed for tax purposes	1	5
Over provision in respect of prior year	<u>(2)</u>	<u>(3)</u>
	<u>574</u>	<u>591</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

8. PROFIT ATTRIBUTABLE TO THE LIMITED LIABILITY PARTNERSHIP

The profit for the financial year attributable to the parent undertaking, Baker & McKenzie LLP, was £43,238,000 (2014: £39,056,000)

9. TANGIBLE FIXED ASSETS - CONSOLIDATED AND LIMITED LIABILITY PARTNERSHIP

	Leasehold improvements £000's	Fixtures and fittings £000's	Computer equipment £000's	Total £000's
Cost				
At 1 July 2014	8,973	8,061	5,205	22,239
Additions	66	126	522	714
Disposals	(829)	(227)	(613)	(1,669)
At 30 June 2015	8,210	7,960	5,114	21,284
Accumulated depreciation				
At 1 July 2014	6,533	7,071	3,906	17,510
Charge for the year	341	215	526	1,082
Disposals	(829)	(227)	(613)	(1,669)
At 30 June 2015	6,045	7,059	3,819	16,923
Net book value				
At 30 June 2015	2,165	901	1,295	4,361
At 30 June 2014	2,440	990	1,299	4,729

10. DEBTORS

	Consolidated		Limited Liability Partnership	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Due within one year:				
Trade debtors	38,313	21,813	38,313	21,813
Amounts recoverable from clients in respect of unbilled work performed	18,545	14,499	18,545	14,499
Amounts due from group undertakings	-	-	-	978
Amounts due from other member firms of the Baker & McKenzie global organisation	11,814	23,412	10,362	18,332
Other debtors	1,660	1,885	1,355	1,630
Prepayments	3,674	3,405	2,886	3,125
	74,006	65,014	71,461	60,377

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Limited Liability Partnership	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Trade creditors	11,871	8,554	10,739	8,177
Amounts due to group undertakings	-	-	8,455	466
Amounts due to other member firms of the Baker & McKenzie global organisation	1,157	1,062	1,157	1,063
Taxation and social security	2,588	1,988	799	264
Corporation tax	286	273	-	-
Sundry creditors	275	30	275	1
Accruals and deferred income	5,101	2,272	1,818	1,147
	<u>21,278</u>	<u>14,179</u>	<u>23,243</u>	<u>11,118</u>

12. PROVISIONS FOR LIABILITIES

Consolidated and Limited Liability Partnership

	1 July 2014 £000's	Utilised in the current year £000's	Released in the current year £000's	30 June 2015 £000's
Client claim provisions	350	-	(315)	35

Client claim provisions are the estimated cost of defending and concluding client claims. No separate disclosure is made of the cost of claims covered by insurance, as to do so could seriously prejudice Baker & McKenzie LLP.

13. PRINCIPAL GROUP INVESTMENTS

Baker & McKenzie LLP has an investment in Baker & McKenzie Services Limited at a value of £4.

	Country of incorporation	Principal activity	Holding	%
Baker & McKenzie Services Limited Subsidiary undertaking	UK	Provision of support services	Ordinary Shares	100

Baker & McKenzie LLP also has control over its subsidiary, Baker & McKenzie Services II.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

14. TOTAL MEMBERS' INTERESTS - CONSOLIDATED

	Members' capital £000's	Other reserves £000's	Total £000's	Amounts due from members £000's	Total members' interests £000's
At 1 July 2014	11,122	117,480	128,602	(69,715)	58,887
Profit for the financial year available for discretionary division among members	-	47,363	47,363	-	47,363
Members' interests after profit for the year	11,122	164,843	175,965	(69,715)	106,250
Allocated profits	-	(34,890)	(34,890)	34,890	-
Capital introduced	4,154	-	4,154	-	4,154
Repayments of capital	(939)	-	(939)	-	(939)
Capital due to former members	(86)	-	(86)	-	(86)
Exchange movement on translation of members' capital	803	-	803	-	803
Loans to members	-	-	-	(351)	(351)
Drawings	-	-	-	(42,722)	(42,722)
At 30 June 2015	15,054	129,953	145,007	(77,898)	67,109

15. TOTAL MEMBERS' INTERESTS - LIMITED LIABILITY PARTNERSHIP

	Members' capital £000's	Other reserves £000's	Total £000's	Amounts due from members £000's	Total members' interests £000's
At 1 July 2014	11,122	114,136	125,258	(68,222)	57,036
Profit for the financial year available for discretionary division among members	-	43,238	43,238	-	43,238
Members' interests after profit for the year	11,122	157,374	168,496	(68,222)	100,274
Allocated profits	-	(34,890)	(34,890)	34,890	-
Capital introduced	4,154	-	4,154	-	4,154
Repayments of capital	(939)	-	(939)	-	(939)
Capital due to former members	(86)	-	(86)	-	(86)
Exchange movement on translation of members' capital	803	-	803	-	803
Loans to members	-	-	-	(351)	(351)
Drawings	-	-	-	(41,345)	(41,345)
At 30 June 2015	15,054	122,484	137,538	(75,028)	62,510

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis.

Allocation of profits is made on a financial statement year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Members' other interests rank after unsecured creditors. Loans and other debts due to members rank pari passu with unsecured creditors in the event of winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

16. OBLIGATIONS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2015	2014
	£000's	£000's
Leases which expire:		
After five years	6,807	6,807

17. PENSIONS

The limited liability partnership operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the limited liability partnership in an independently administered fund. The pension cost charge represents contributions payable by the limited liability partnership to the fund and amounted to £1,726,000 (2014: £1,691,000).

Amounts due as at 30 June 2015: £140,000 (2014: £142,000).

18. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£000's	£000's
Operating profit	47,976	42,082
Depreciation	1,082	1,057
(Increase)/decrease in debtors	(8,992)	963
Increase/(decrease) in creditors	7,086	(43)
Decrease in provisions	(315)	(150)
Net cash inflow from operating activities	46,837	43,909

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

19. ANALYSIS OF CASH FLOWS

	2015 £000's	2014 £000's
Returns on investment and servicing of finance		
Interest received	18	65
Interest paid	(57)	-
	<u>(39)</u>	<u>65</u>
Taxation		
UK Corporation tax paid	(561)	(619)
	<u>(561)</u>	<u>(619)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(714)	(846)
	<u>(714)</u>	<u>(846)</u>
Transactions with members		
Payments to members	(42,722)	(43,244)
Capital introduced by members	4,154	1,734
Capital repaid to members	(939)	-
Capital due to former members	(86)	-
Loans to members	(351)	(898)
Exchange movement on translation of members' capital	803	(1,051)
	<u>(39,141)</u>	<u>(43,459)</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 July 2014 £000's	Cash flow £000's	30 June 2015 £000's
Cash at bank and in hand	3,673	6,382	10,055
Total	<u>3,673</u>	<u>6,382</u>	<u>10,055</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £000's	2014 £000's
Increase/(decrease) in cash in the year	6,382	(950)
Change in net funds resulting from cash flows	6,382	(950)
Net funds at start of year	3,673	4,623
Net funds at end of year	<u>10,055</u>	<u>3,673</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

22. TRANSACTIONS WITH RELATED PARTIES

Baker & McKenzie LLP is a member firm of Baker & McKenzie International, a Swiss Verein. In the opinion of the members Baker & McKenzie LLP is not related with any other member firm of Baker & McKenzie International as defined for the purposes of FRS 8 'Related Party Disclosures'.

Baker & McKenzie LLP has relied upon the exemption given in FRS 8 'Related Party Disclosures' not to disclose transactions between itself and its subsidiary undertakings.

23. CONTINGENT LIABILITIES

Baker & McKenzie International BV ("BMIBV") is the primary financing vehicle for Baker & McKenzie International, a Swiss Verein, and its member firms, including Baker & McKenzie LLP. Each member firm of the Verein has entered into arrangements with BMIBV pursuant to which such entity may borrow funds from BMIBV.

In order to obtain the funds to make loans to the member firms, BMIBV has entered into an arrangement to obtain loans from certain banks.

As part of the arrangements between BMIBV and the banks, Baker & McKenzie LLP has entered into guarantee arrangements with the Banks pursuant to which it has guaranteed a portion of the bank loans equal to its then outstanding loans from BMIBV.

At 30 June 2015 and 30 June 2014 the obligations of Baker & McKenzie LLP under these do not exceed that amount already recognised as payable to BMIBV.