

**Company Registration No. OC311850**

**Charles Russell Speechlys LLP  
(formerly Charles Russell LLP)**

**Annual Report and Financial Statements**

**For the year ended 30 April 2015**



## **Charles Russell Speechlys LLP (formerly Charles Russell LLP)**

<b>Contents</b>	<b>Page</b>
<b>Managing partner's review</b>	<b>1</b>
<b>Members' report</b>	<b>2</b>
<b>Statement of members' responsibilities</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Consolidated profit and loss account</b>	<b>5</b>
<b>Consolidated balance sheet</b>	<b>6</b>
<b>LLP balance sheet</b>	<b>7</b>
<b>Consolidated cash flow statement</b>	<b>8</b>
<b>Notes to the accounts</b>	<b>9</b>

## **Charles Russell Speechlys LLP (formerly Charles Russell LLP)**

### **Managing partner's review**

The merger of Charles Russell and Speechly Bircham took effect on 1 November 2014, and created a new firm headquartered in London with offices in the UK, Europe and the Middle East. For two firms which trace their roots back well over 150 years, this has been the most exciting period in their respective histories. Mergers only succeed, however, with a great deal of hard work from everyone, and ours has been no exception. I am immensely grateful to all our staff for their efforts in the lead up to, and following completion of, the merger. In a financial year in which we have completed our merger and made significant progress in integrating the two businesses, it is particularly pleasing that we have also been able to grow our turnover, and maintain our underlying profitability.

We have used the merger as an opportunity to sharpen our strategic priorities and to examine closely what makes Charles Russell Speechlys different and better. As a firm, we have an unusually broad range of skills and expertise across the spectrum of business and personal needs. We believe this gives us a wider perspective and a strongly commercial long-term view which will be key to achieving our primary goal – which is to help our clients secure long term growth and success.

We recognise that our future success depends on the quality of our professional staff, and the service we deliver to our clients. We are investing accordingly – the newly established Charles Russell Speechlys Skills Academy, for example, now runs a comprehensive business and soft skills training programme aimed at all levels of fee-earners, partners, business support and secretarial staff. Our aim is simple – to provide everyone at Charles Russell Speechlys with the skills they need to deliver legal advice which is commercial, clear and based on a broad long-term perspective of the interests and needs of the client.

I am confident that the merger will continue to deliver a range of benefits to our clients, partners and staff.



James Carter  
Managing Partner and Designated Member  
21 January 2016

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Members' report

The members present their annual report together with the audited consolidated financial statements of Charles Russell Speechlys LLP (formerly Charles Russell LLP) and its subsidiary undertakings (together the 'Group') for the year ended 30 April 2015.

### Change of name

In July 2014 the members voted in favour of a proposal to merge the business of the Group with that of Speechly Bircham LLP to form a new firm, to be called Charles Russell Speechlys LLP and on 1 November 2014 the merger was completed. On this date Charles Russell LLP changed its name to Charles Russell Speechlys LLP and the majority of assets and liabilities of Speechly Bircham LLP were transferred to the Charles Russell Speechlys LLP group at book value under the terms of the merger agreement. Details of the merger, which has been accounted for as a merger under FRS 6, are set out in note 1 to the accounts.

### Principal activity and review of the business

The principal activity of the Group is the provision of legal services to UK and international clients, from its offices in London, Guildford, Cheltenham, Luxembourg, Paris, Geneva, Zurich, Bahrain and Qatar. There are no changes to the principal activity expected in the foreseeable future.

The Group consolidated its position in the year and had a satisfactory year as shown in the profit and loss account on page 5.

### Designated members

The designated members who served during the year were as follows:

David Green	(resigned 1 November 2014)	James Carter	(appointed 1 November 2014)
John Sykes	(resigned 1 November 2014)	Simon Ridpath	(appointed 1 November 2014)
Christopher Page		Duncan Salmon	(appointed 1 November 2014)
Erica Shelton		Jonathan Whitehead	(appointed 1 November 2014)
Keir Gordon		Martin Wright	(appointed 1 November 2014)
Adrian Mayer		Clive Hopewell	(resigned 1 November 2014)

### Members' profit share, drawings and the subscription and repayment of members' capital

Profit-sharing members receive monthly drawings on account of the current year and periodic profits payments in respect of sums earned in the previous year. All payments are made subject to the cash requirements of the business and may be varied at the Executive Committee's discretion.

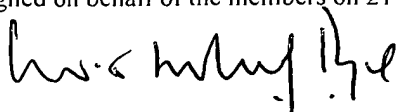
Profits are allocated and divided between members after the finalisation of the financial statements. Prior to the allocation of profits and their division between members, drawings are shown in current assets under the heading "Amounts due from members". Any over-distribution of profits during a period is recoverable from members.

The capital requirements of the LLP are determined by the Executive Committee, and are reviewed regularly. Each member is required to inject capital proportionate to the number of profit sharing points that member has. On leaving the LLP, a member's capital is repaid over a period following retirement.

### Auditor

Deloitte LLP is the independent auditor of the LLP and a resolution to reappoint Deloitte LLP as the firm's auditor will be proposed at the next members' meeting.

Signed on behalf of the members on 21 January 2016



Christopher Page  
Senior Partner and Designated Member



James Carter  
Managing Partner and Designated Member

## **Charles Russell Speechlys LLP (formerly Charles Russell LLP)**

### **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 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP 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 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 LLP 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Executive Committee on behalf of the members.

## **Independent auditor's report to the members of Charles Russell Speechlys LLP (formerly Charles Russell LLP)**

We have audited the financial statements of Charles Russell Speechlys LLP (formerly Charles Russell LLP) for the year ended 30 April 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 22. 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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applicable 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 LLP'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 LLP and the LLP'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 LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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 the parent LLP's affairs as at 30 April 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 applicable to limited liability partnerships.

### **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 applicable to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP 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.



**Jeremy Black (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
21 January 2016

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Consolidated profit and loss account For the year ended 30 April 2015

	Notes	2015 £	Restated 2014 £
Fee income	4	134,705,707	130,188,065
Other operating income		2,312,473	2,395,910
		<u>137,018,180</u>	<u>132,583,975</u>
<b>Operating costs</b>			
Personnel costs	2	(59,254,980)	(56,611,454)
Establishment costs		(18,595,431)	(17,944,922)
Office expenses		(8,806,173)	(8,069,394)
Other expenses		(11,984,781)	(10,732,689)
<b>Total operating costs</b>		<u>(98,641,365)</u>	<u>(93,358,459)</u>
<b>Operating profit</b>	3	38,376,815	39,225,516
Net interest payable	5	(276,626)	(303,031)
<b>Profit for the financial year before tax</b>		38,100,189	38,922,485
Taxation	8	(673,434)	(938,176)
<b>Profit for the financial year before members' remuneration and profit shares</b>		37,426,755	37,984,309
Members' remuneration charged as an expense	6	(67,818)	(128,611)
<b>Retained profit for the financial year available for discretionary division among members</b>	15	<u>37,358,937</u>	<u>37,855,698</u>

All results are derived from continuing operations.

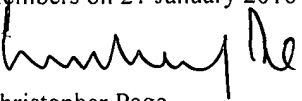
There are no recognised gains or losses in the current or preceding year other than those disclosed in the consolidated profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Consolidated balance sheet As at 30 April 2015

	Notes	2015 £	Restated 2014 £
<b>Fixed assets</b>			
Tangible assets	9	14,422,046	13,961,469
Investments	10	88,855	88,105
		<u>14,510,901</u>	<u>14,049,574</u>
<b>Current assets</b>			
Debtors	11	65,302,109	60,814,077
Amounts due from members	15	17,703,343	16,213,448
Cash at bank and in hand		5,419,533	7,734,017
		<u>88,424,985</u>	<u>84,761,542</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(26,252,944)</u>	<u>(25,744,079)</u>
<b>Net current assets</b>		<u>62,172,041</u>	<u>59,017,463</u>
<b>Total assets less current liabilities</b>		<u>76,682,942</u>	<u>73,067,037</u>
<b>Creditors: amounts falling due in more than one year</b>	13	<u>(7,404,838)</u>	<u>(7,383,902)</u>
<b>Provisions for liabilities and charges</b>	14	<u>(1,676,679)</u>	<u>(2,346,678)</u>
<b>Net assets attributable to members</b>		<u><u>67,601,425</u></u>	<u><u>63,336,457</u></u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Members' capital	15	26,922,000	24,559,530
Other amounts	15	3,320,488	921,228
		<u>30,242,488</u>	<u>25,480,758</u>
<b>Equity</b>			
Members' other interests	15	37,358,937	37,855,699
		<u>67,601,425</u>	<u>63,336,457</u>
<b>Total members' interests</b>			
Amounts due from members	15	(17,703,343)	(16,213,448)
Loans and other debts due to members	15	30,242,488	25,480,758
Members' other interests	15	37,358,937	37,855,699
		<u>49,898,082</u>	<u>47,123,009</u>

These financial statements of Charles Russell Speechlys LLP (registered number OC311850) were approved by the members on 21 January 2016 and signed on their behalf by:

  
Christopher Page  
Senior Partner and Designated Member

  
James Carter  
Managing Partner and Designated Member

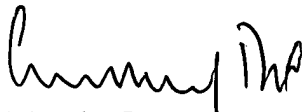


# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## LLP balance sheet As at 30 April 2015

	Notes	2015 £	Restated 2014 £
<b>Fixed assets</b>			
Tangible assets	9	14,246,908	13,715,910
Investments	10	263,874	263,124
		<u>14,510,782</u>	<u>13,979,034</u>
<b>Current assets</b>			
Debtors	11	63,189,266	58,602,958
Amounts due from members	15	17,531,388	16,041,716
Cash at bank and in hand		4,405,113	4,645,548
		<u>85,125,767</u>	<u>79,290,222</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(25,222,552)</u>	<u>(21,702,909)</u>
<b>Net current assets</b>		<u>59,903,215</u>	<u>57,587,313</u>
<b>Total assets less current liabilities</b>		<u>74,413,997</u>	<u>71,566,347</u>
<b>Creditors: amounts falling due in more than one year</b>	13	<u>(7,404,837)</u>	<u>(7,383,902)</u>
<b>Provisions for liabilities and charges</b>	14	<u>(1,676,679)</u>	<u>(2,346,678)</u>
<b>Net assets attributable to members</b>		<u>65,332,481</u>	<u>61,835,767</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Members' capital	15	26,695,896	24,377,973
Other amounts	15	2,434,852	654,502
		<u>29,130,748</u>	<u>25,032,475</u>
<b>Equity</b>			
Members' other interests	15	36,201,733	36,803,292
		<u>65,332,481</u>	<u>61,835,767</u>
<b>Total members' interests</b>			
Amounts due from members	15	(17,531,388)	(16,041,716)
Loans and other debts due to members	15	29,130,748	25,032,475
Members' other interests	15	36,201,733	36,803,292
		<u>47,801,093</u>	<u>45,794,051</u>

These financial statements of Charles Russell Speechlys LLP (registered number OC311850) were approved by the members on 21 January 2016 and signed on their behalf by:

  
Christopher Page  
Senior Partner and Designated Member

  
James Carter  
Managing Partner and Designated Member

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Consolidated cash flow statement For the year ended 30 April 2015

	Notes	2015 £	Restated 2014 £
Net cash inflow from operating activities	17	36,868,938	41,142,289
<b>Returns on investments and servicing of finance</b>			
Interest received		232,710	329,507
Interest paid		(509,336)	(637,129)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(276,626)</b>	<b>(307,622)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(4,819,604)	(1,769,615)
Sale of tangible fixed assets		-	1,713
Purchase of investments		(750)	-
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(4,820,354)</b>	<b>(1,767,902)</b>
<b>Taxation</b>		<b>(751,156)</b>	<b>(459,317)</b>
<b>Transactions with members</b>			
Payments to members (including salaried members)		(37,014,152)	(37,693,271)
Capital contributions by members		4,241,918	3,758,898
Capital repayments to current and former members		(1,879,448)	(2,768,690)
<b>Net cash outflow from transactions with members</b>		<b>(34,651,682)</b>	<b>(36,703,063)</b>
<b>Cash (outflow)/inflow before financing</b>		<b>(3,630,880)</b>	<b>1,904,385</b>
<b>Financing</b>			
New unsecured loans		6,211,900	3,269,233
Repayment of loans		(4,895,504)	(4,893,664)
<b>Net cash inflow/(outflow) from financing</b>		<b>1,316,396</b>	<b>(1,624,431)</b>
<b>(Decrease)/increase in cash in the year</b>	19	<b>(2,314,484)</b>	<b>279,954</b>

# **Charles Russell Speechlys LLP (formerly Charles Russell LLP)**

## **Notes to the financial statements For the year ended 30 April 2015**

### **1. Accounting policies**

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

#### **Basis of preparation and consolidation**

These financial statements reflect the results for the year to 30 April 2015. The financial statements consolidate the financial statements of Charles Russell Speechlys LLP and its subsidiary undertakings, drawn up to 30 April 2015. No individual profit and loss account is presented for Charles Russell Speechlys LLP, as permitted by section 408 of the Companies Act 2006. The profit for the year of the LLP only is £36,201,733 (2014: £36,803,292).

On 1 November 2014, Charles Russell LLP and Speechly Bircham LLP completed their merger. Under the principles of merger accounting, the financial statements of the business are required to be presented as if the group has always existed in its current form. Under those principles, the relevant assets and liabilities of the former Charles Russell LLP and Speechly Bircham LLP businesses have been included at their book values under the accounting policies of Charles Russell Speechlys LLP. Under merger accounting the prior year profit and loss account is required to be restated, thereby presenting two full years of financial results.

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice-Accounting by Limited Liability Partnerships. The consolidated financial statements show the results of the LLP which operates from London, Guildford, Cheltenham, Geneva, Bahrain and Qatar offices, and its subsidiary undertakings operating from Luxembourg, Paris and Zurich, and of the service companies.

#### **Going concern**

The Executive Committee reviews the financial performance and position of the Group on a monthly basis, giving due consideration to the current economic conditions and opportunities within the legal services market.

The Executive Committee is satisfied that the Group will continue to maintain its current good level of financial performance and will enjoy a strong bank balance for the foreseeable future. At the balance sheet date, the Group has a reconciled cash position of £5.4m. An overdraft facility of £8m is in place through its principal bankers. The facility is annually renewable and was renewed on 1 November 2015. The Executive Committee has reviewed cash flow forecasts covering the twelve months from the date of signing of the financial statements and these forecasts predict positive bank balances for the majority of that period and indicate that the Group will be able to operate well within the overdraft facility.

The Group has term loans of £9.5m in relation to its premises in London and Guildford. The cash flow forecasts and projections show that the Group will continue to meet the quarterly repayments and will continue to comply with the banking covenants attached to the loans.

Having considered the Group's forecasts and projections, and the level of committed facilities available, the members have formed a judgement, at the time of approving these financial statements, that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the members continue to adopt the going concern basis in preparing the financial statements.

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Notes to the financial statements (continued) For the year ended 30 April 2015

### 1. Accounting policies (continued)

#### Fee income

Fee income represents fees billed in the accounting periods and excludes expenses, other charges and disbursements and value added tax, together with accrued income for services provided to clients during the year. Revenue has been recognised in accordance with Financial Reporting Standard 5 “Reporting the substance of transactions”: Application Note G ‘Revenue Recognition’. Income is recognised when the LLP has performed services in accordance with the agreement with the relevant client, and has obtained a right to consideration for those services. Where such income has not been billed at the balance sheet date, it is included as accrued income.

#### Fixed assets

Fixed assets are depreciated on a straight-line basis at rates estimated to write off the cost less any residual value over the period of their estimated useful lives. Depreciation is charged from the date of first use at the following rates:

Improvements to leasehold premises	- over 10 years or the lease term if shorter
Computers and office equipment	- 20% to 33% straight - line
Furniture	- 10% to 20% straight - line

#### Investments

Fixed asset investments are shown at cost less provision for impairment.

#### 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.

The consolidated financial statements incorporate the tax position of the underlying subsidiaries, which are subject to corporation tax due to their company status. The accounting policy applied in the recognition of this tax position in the consolidated financial statements is detailed below.

Current tax, comprising UK corporation 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.

#### Provisions

In addition to professional indemnity insurance premiums charged to the profit and loss account, provision is made for insurance excesses that may become payable by the LLP in respect of claims notified.

#### 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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### Pension costs and other retirement benefits

The LLP contributes to a defined contribution Group personal pension plan on behalf of eligible staff. Contributions payable in the year are charged to the profit and loss account. Differences between contributions payable in the year and contributions actually paid are accounted for as either accruals or prepayments in the balance sheet.

The LLP has certain historic obligations to provide annuities to a small number of former Partners/ surviving spouse as set out in the LLP Articles. The future cost of these annuities is provided for in the balance sheet in accordance with FRS 12 (see note 14).

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Notes to the financial statements (continued) For the year ended 30 April 2015

### 1. Accounting policies (continued)

#### Distribution of profits

The balance of profits for the year available for discretionary division amongst members is treated as members' equity in the balance sheet until it is formally allocated to members.

The SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected in the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation by ensuring equity between different generations of member. Where differences arise these have been taken into account within other reserves in the balance sheet.

Some overseas partners are not also members of Charles Russell Speechlys LLP. Their remuneration costs are expensed as salary costs in the profit and loss account and balances due to or from them are disclosed as amounts due to or from overseas partners in either creditors or debtors respectively.

#### Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the financial year. Exchange gains and losses are recognised in the profit and loss account.

### 2. Personnel costs

	Group	
	2015	Restated 2014
	£	£
Included within personnel costs are the following staff (excluding salaried members) costs:		
Wages and salaries	45,270,943	43,595,800
Social security costs	5,020,256	4,706,246
Other pension costs	1,616,136	1,480,283
	<u>51,907,335</u>	<u>49,782,329</u>

	Group		LLP	
	2015	Restated 2014	2015	Restated 2014
	No.	No.	No.	No.
The average monthly number of staff during the year (excluding members) was:				
Fee earners	433	423	408	413
Administrative and support staff	338	337	331	333
	<u>771</u>	<u>760</u>	<u>739</u>	<u>746</u>

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Notes to the financial statements (continued) For the year ended 30 April 2015

### 3. Operating profit

	2015 £	Restated 2014 £
The operating profit for the year is stated after charging:		
Operating lease rentals:		
- Plant and machinery	504,397	392,617
- Leasehold buildings	9,755,230	9,363,279
Depreciation and amortisation	4,370,426	4,005,786
Fees payable to current auditor:		
- for the audit of the Group financial statements	58,500	53,000
- for the audit of subsidiaries pursuant to legislation	29,750	9,500
- for other services pursuant to legislation	46,500	31,500
- for other services related to taxation – compliance	38,940	18,420
- for other services related to taxation – advisory	33,500	44,992
- for other services	126,127	176,674
Fees payable to previous auditor:		
- for audit of the Group financial statements	-	35,000
- for the audit of subsidiaries pursuant to legislation	6,460	12,000
- for other services pursuant to legislation	13,700	27,400
- for other services related to taxation – compliance	10,000	10,000
- for other services related to taxation – advisory	-	24,405
- for other services	-	42,195

### 4. Segmental reporting

Charles Russell Speechlys LLP has one class of business, the supply of legal services.

No segmented analysis is shown. The Executive Committee believes that such a disclosure would be seriously prejudicial to the business.

### 5. Net interest payable

	2015 £	Restated 2014 £
Interest payable and similar charges:		
- Bank	(509,336)	(632,538)
Interest receivable:		
- Bank	232,710	329,507
	(276,626)	(303,031)

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 6. Members' remuneration charged as an expense

	2015 £	Restated 2014 £
The following members' remuneration has been charged as an expense:		
Payments made under employment contracts	67,818	128,611

#### 7. Members' shares of profits

Profits are divided among the members after the financial statements have been approved by members in accordance with agreed profit sharing arrangements.

	2015 No.	Restated 2014 No
Average number of members	155	156

The highest remuneration of a member during the year is £398,814 (2014: £407,037).

#### 8. Corporation tax

	2015 £	Restated 2014 £
The taxation charge, which arises in the subsidiary companies included within these financial statements, comprises		
Current tax	673,434	938,176
Adjustment in respect of prior years	-	-
Tax expense in corporate subsidiaries	673,434	938,176
<b>Reconciliation</b>		
Profits on ordinary activities before taxation	38,100,189	38,922,485
Less amounts subject to personal taxation	(35,065,731)	(36,931,903)
Profits subject to taxation	3,034,458	1,990,582
Profit multiplied by standard rate - 20.91% (2014: 22.83%)	634,505	454,450
Effect of:		
Overseas tax paid at a higher rate	21,606	24,459
Adjustments in respect of prior years	(21,463)	72,764
Unutilised losses	38,786	45,310
Effect of transfer pricing adjustment	-	341,193
Tax expense in corporate subsidiaries	673,434	938,176

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 9. Tangible assets – Group

	Improvements to leasehold premises £	Computers and office equipment £	Furniture £	Total £
<b>Cost</b>				
At 1 May 2014 (restated)	24,887,369	10,290,601	2,379,293	37,557,263
Additions	1,925,919	2,283,448	610,237	4,819,604
Disposals	(857,391)	(25,237)	(36,223)	(918,851)
<b>At 30 April 2015</b>	<b>25,955,897</b>	<b>12,548,812</b>	<b>2,953,307</b>	<b>41,458,016</b>
<b>Accumulated depreciation</b>				
At 1 May 2014 (restated)	14,226,856	7,756,978	1,611,960	23,595,794
Charge for the year	2,791,487	1,324,885	236,361	4,352,733
Disposals	(857,391)	(25,237)	(29,929)	(912,557)
<b>At 30 April 2015</b>	<b>16,160,952</b>	<b>9,056,626</b>	<b>1,818,392</b>	<b>27,035,970</b>
<b>Net book value</b>				
At 30 April 2015	9,794,945	3,492,186	1,134,915	14,422,046
At 30 April 2014 (restated)	10,660,513	2,533,623	767,333	13,961,469

#### Tangible assets – LLP

	Improvements to leasehold premises £	Computers and office equipment £	Furniture £	Total £
<b>Cost</b>				
At 1 May 2014 (restated)	24,497,432	10,086,088	2,379,293	36,962,813
Additions	1,916,162	2,283,448	610,237	4,809,847
Disposals	(857,391)	(25,237)	(36,223)	(918,851)
<b>At 30 April 2015</b>	<b>25,556,203</b>	<b>12,344,299</b>	<b>2,953,307</b>	<b>40,853,809</b>
<b>Accumulated depreciation</b>				
At 1 May 2014 (restated)	14,043,920	7,591,023	1,611,960	23,246,903
Charge for the year	2,739,573	1,296,621	236,361	4,272,555
Disposals	(857,391)	(25,237)	(29,929)	(912,557)
<b>At 30 April 2015</b>	<b>15,926,102</b>	<b>8,862,407</b>	<b>1,818,392</b>	<b>26,606,901</b>
<b>Net book value</b>				
At 30 April 2015	9,630,101	3,481,892	1,134,915	14,246,908
At 30 April 2014 (restated)	10,453,512	2,495,065	767,333	13,715,910



# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Notes to the financial statements (continued) For the year ended 30 April 2015

### 10. Investments

	Group		LLP	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Investment in subsidiary undertakings	13,855	13,105	263,874	263,124
Investment in other undertakings	75,000	75,000	-	-
	<u>88,855</u>	<u>88,105</u>	<u>263,874</u>	<u>263,124</u>

### LLP

At 30 April 2015 the LLP held share capital or voting rights in the following principal entities:

Subsidiary undertaking	Country of incorporation	Class of share held	Proportion held	Nature of business activity
CR (BVI) Limited	British Virgin Islands	Ordinary	100%	Provision of legal services
CRSB Law LLP	England	Ordinary	100%	Dormant
Charles Russell Speechlys Business Services (formerly Charles Russell Business Services)	England	Ordinary	100%	Employment services
Charles Russell Speechlys Group Limited (formerly Speechly Bircham Group Limited)	England	Ordinary	100%	Group holding company
Charles Russell Speechlys International Limited (formerly Speechly Bircham International Limited)	England	Ordinary	100%	Group holding company
Charles Russell Speechlys Services Limited (formerly Speechly Bircham Services Limited)	England	Ordinary	100%	Employment services
Hatton Trustees Limited	England	Ordinary	100%	Trustee services
LockDutton Corporate Finance LLP	England	Ordinary	75%	Financial advisory services
Charles Russell Speechlys AG (formerly Speechly Bircham AG)	Switzerland	Ordinary	100%	Provision of legal services
Charles Russell Speechlys (formerly Speechly Bircham and Partners) (partnership)*	Luxembourg		60%	Provision of legal services
Speechly Bircham LLP**	England	Ordinary	100%	Provision of legal services
Charles Russell Speechlys France (formerly Speechly Bircham France) *	France	Ordinary	50%	Provision of legal services
St Andrew Trustees Limited	England	Ordinary	100%	Trustee services

\*indirectly held

\*\*Speechly Bircham LLP holds an investment of 75 cellular redeemable preference shares of £1,000 each in a cell of Mannequin Insurance PCC Ltd, a company registered in Guernsey that deals with the partnership's professional indemnity cover.

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 11. Debtors

	Group		Limited Liability Partnership	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Amounts falling due within one year:				
Accrued income	14,868,882	13,998,635	14,010,340	12,627,420
Client debtors	42,156,278	38,859,583	40,327,452	37,525,205
Other debtors	2,890,316	2,605,416	1,377,742	1,141,494
Prepayments	5,386,633	5,350,443	5,323,050	4,540,519
Amounts owed from subsidiaries	-	-	2,150,682	2,768,320
	<u>65,302,109</u>	<u>60,814,077</u>	<u>63,189,266</u>	<u>58,602,958</u>

Accrued income represents unbilled time and recoverable disbursements at the balance sheet date.

#### 12. Creditors: amounts falling due within one year

	Group		Limited Liability Partnership	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Bank loans	4,673,578	3,378,118	4,673,578	3,378,118
Trade creditors	6,103,818	6,414,260	6,027,205	6,032,649
Social security and other taxes	5,646,689	4,495,883	4,047,871	3,115,213
Amounts due to overseas partners	1,530,224	1,545,845	-	-
Amount owed to subsidiaries	-	-	4,558,370	1,594,310
Other creditors	1,571,063	2,150,679	1,279,965	1,874,840
Accruals	6,727,572	7,759,294	4,635,563	5,707,779
	<u>26,252,944</u>	<u>25,744,079</u>	<u>25,222,552</u>	<u>21,702,909</u>

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 13. Creditors: amounts falling due in more than one year

	Group		Limited Liability Partnership	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Bank loans	7,404,838	7,383,902	7,404,838	7,383,902
Between one and two years	2,690,197	2,119,192	2,690,197	2,119,192
Between two and five years	4,714,641	5,264,710	4,714,641	5,264,710
	<u>7,404,838</u>	<u>7,383,902</u>	<u>7,404,838</u>	<u>7,383,902</u>

The bank and other borrowings incur interest at varying rates up to 3% above LIBOR. The loans are unsecured and are repayable by February 2019. A cap was purchased to protect the LLP against interest rate fluctuations. The fair value of the cap at 30 April 2015 was £1,712 (2014: £9,213).

#### 14. Provisions for liabilities and charges – LLP and Group

	Claims £	Annuities £	Total £
At 1 May 2014 (restated)	1,531,062	815,616	2,346,678
Charged/(credited) to profit and loss account	412,118	(44,032)	368,086
Utilised in year	(899,075)	(139,010)	(1,038,085)
At 30 April 2015	<u>1,044,105</u>	<u>632,574</u>	<u>1,676,679</u>

The claims provision represents a provision for insurance excesses that may become payable by the LLP in respect of claims notified.

The annuities provision represents the present value of annuities due to former partners.

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 15. Reconciliation of total Members' interests

Group	Members' other interests £	Loans and other debts due to Members less any amounts due from Members in debtors		Total £
		Members' capital £	Other amounts £	
Amounts due to members			921,228	
Amounts due from members			(16,213,448)	
<b>Balance at 1 May 2014 (restated)</b>	<b>37,855,699</b>	<b>24,559,530</b>	<b>(15,292,220)</b>	<b>47,123,009</b>
Profit for the financial year available for discretionary division among members	37,358,937	-	-	37,358,937
Members' interests after profit for the year	75,214,636	24,559,530	(15,292,220)	84,481,946
Division of profits	(37,855,699)	-	37,855,699	-
Introduced by members	-	4,241,918	-	4,241,918
Repaid capital	-	(1,879,448)	-	(1,879,448)
Drawings and distributions	-	-	(36,946,334)	(36,946,334)
Amounts due to members			3,320,488	
Amounts due from members			(17,703,343)	
<b>Balance at 30 April 2015</b>	<b>37,358,937</b>	<b>26,922,000</b>	<b>(14,382,855)</b>	<b>49,898,082</b>

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 15. Reconciliation of total Members' interests (continued)

LLP	Members' other interests £	Members' capital £	Loans and other debts due to Members less any amounts due from Members in debtors Other amounts £	Total £
Amounts due to members			654,502	
Amounts due from members			(16,041,716)	
<b>Balance at 1 May 2014 (restated)</b>	<b>36,803,292</b>	<b>24,377,973</b>	<b>(15,387,214)</b>	<b>45,794,051</b>
Profit for the financial year available for discretionary division among members	36,201,733	-	-	36,201,733
Members' interests after profit for the year	73,005,025	24,377,973	(15,387,214)	81,995,784
Division of profits	(36,803,292)	-	36,803,292	-
Introduced by members	-	4,202,153	-	4,202,153
Repaid capital	-	(1,884,230)	-	(1,884,230)
Drawings and distributions	-	-	(36,512,614)	(36,512,614)
Amounts due to members			2,434,852	
Amounts due from members			(17,531,388)	
<b>Balance at 30 April 2015</b>	<b>36,201,733</b>	<b>26,695,896</b>	<b>(15,096,536)</b>	<b>47,801,093</b>

#### 16. Operating lease commitments – Group

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

	Computers and office equipment		Land and buildings	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Expiry date:				
In less than one year	7,800	-	241,800	810,969
Between one and two years	-	-	231,000	151,800
Between two and five years	496,597	381,784	780,927	841,927
Over five years	-	-	11,068,113	10,062,136
	<b>504,397</b>	<b>381,784</b>	<b>12,321,840</b>	<b>11,866,832</b>

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 16. Operating lease commitments (continued) – LLP

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

	Computers and office equipment		Land and buildings	
	2015	Restated 2014	2015	Restated 2014
	£	£	£	£
Expiry date:				
In less than one year	7,800	-	-	729,169
Between one and two years	-	-	231,000	151,800
Between two and five years	496,597	381,784	100,000	161,000
Over five years	-	-	11,068,113	10,062,136
	<u>504,397</u>	<u>381,784</u>	<u>11,399,113</u>	<u>11,104,105</u>

#### 17. Reconciliation of operating profit to net cash inflow from operating activities

	2015	Restated 2014
	£	£
Operating profit	38,376,815	39,225,516
Depreciation and amortisation	4,375,847	4,022,608
Increase in debtors	(4,504,853)	(5,173,956)
(Decrease)/increase in creditors and provisions	(1,378,871)	3,068,121
<b>Net cash inflow from operating activities</b>	<u>36,868,938</u>	<u>41,142,289</u>

#### 18. Reconciliation of net cash flow to movement in net funds/ (debt)

	2015	Restated 2014
	£	£
(Decrease)/increase in cash in the year	(2,314,484)	279,954
Net cash (outflow)/inflow from change in debt financing	(1,316,396)	1,624,431
Net debt at beginning of year	(3,028,003)	(4,932,387)
<b>Net debt at end of year</b>	<u>(6,658,883)</u>	<u>(3,028,003)</u>

# Charles Russell Speechlys LLP (formerly Charles Russell LLP)

## Notes to the financial statements (continued) For the year ended 30 April 2015

### 19. Analysis and reconciliation of net debt

	Restated 30 April 2014 £	Cash flow £	30 April 2015 £
Cash at bank and in hand	7,734,017	(2,314,484)	5,419,533
Bank loans	(10,762,020)	(1,316,396)	(12,078,416)
<b>Net debt at end of year</b>	<b>(3,028,003)</b>	<b>(3,630,880)</b>	<b>(6,658,883)</b>

### 20. Pension arrangements

The Group contributes to a Group Personal Pension plan on behalf of eligible staff. Contributions payable in the year and charged to the profit and loss account amounted to £1,616,136 (2014: £1,480,283). Included within accruals are contributions of £247,279 (2014: £259,450) which were paid in May 2015.

### 21. Related party transactions

Transactions between Charles Russell Speechlys LLP and its subsidiaries, which are related parties, have been eliminated on consolidation. Charles Russell Speechlys LLP has taken advantage of the exemption in FRS8 - Related Parties not to disclose transactions between Group entities. There were no other material related party transactions.

### 22. Merger accounting

On 1 November 2014, Charles Russell LLP and Speechly Bircham LLP completed the merger of their businesses.

The following tables set out the aggregate book values of the net assets of each business at the date of the merger using the accounting policies of the LLP.

<b>Charles Russell LLP</b>	<b>£</b>
Net assets attributable to members	36,061,701
<b>Speechly Bircham LLP</b>	<b>£</b>
Net assets attributable to members	21,401,429

## Charles Russell Speechlys LLP (formerly Charles Russell LLP)

### Notes to the financial statements (continued) For the year ended 30 April 2015

#### 22. Merger accounting (continued)

The following table analyses the principal components of the current year's consolidated profit and loss account:

	Charles Russell LLP 1 May 2014 – 31 October 2014 £	Speechly Bircham LLP 1 May 2014 – 31 October 2014 £	Charles Russell Speechlys LLP 1 November 2014 – 30 April 2015 £
Fee income	39,388,941	27,752,479	67,564,287
Operating profit	11,892,480	7,474,036	19,010,299
Profit for the financial year before tax	11,936,269	7,519,806	18,644,115
Taxation	202,391	130,344	340,699

#### Prior year's consolidated profit and loss account

	Charles Russell LLP 30 April 2014 £	Speechly Bircham LLP 30 April 2014 £
Fee income	73,569,993	56,618,072
Operating profit	21,422,804	17,802,711
Profit for the financial year before tax	21,438,499	17,483,986
Taxation	485,693	452,483

There were no significant accounting adjustments made to the net assets of either LLP to achieve consistency of accounting policies.