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RBB ECONOMICS LLP

Report and Financial Statements

Year ended 31 March 2018



RBB ECONOMICS LLP

REPORT AND FINANCIAL STATEMENTS 2018

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RBB ECONOMICS LLP

REPORT AND FINANCIAL STATEMENTS 2018

MEMBERS AND PROFESSIONAL ADVISORS

MEMBERS

S R Baker (designated member)
D J Ridyard (designated member)
S L Bishop (designated member)
A Lofaro
A Majumdar (designated member)
A Tyler
M Visser
F Rosati
B Durand
P J Van Der Veer
B Ignjatovic
D Gore
R Murgatroyd
S Lewis
P Smith
C P Ehmer (appointed 1 April 2017)
V Pruzhansky (appointed 1 April 2017)
E Maia Da Fonseca (appointed 1 March 2018)
J De Sola-Morales (appointed 1 April 2018)
P W Hutchinson (appointed 1 April 2018)

REGISTERED OFFICE

199 Bishopsgate
London
EC2M 3TY

BANKERS

The Royal Bank of Scotland Plc
127-128 High Holborn
London
WC1V 6PQ

SOLICITORS

Stevens & Bolton LLP
The Billings
Guildford
Surrey
GU1 4YD

AUDITOR

Deloitte LLP
Statutory Auditor
London

RBB ECONOMICS LLP

MEMBERS' REPORT

The members are pleased to present their annual report and the audited financial statements of the Group for the year ended 31 March 2018.

GROUP STRUCTURE

RBB Economics LLP (the 'LLP') is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000.

The financial statements consolidate the accounts of RBB Economics LLP and its subsidiary undertakings RBB Belgium NV, RBB Netherlands BV, RBB Economics Germany LLP and RBB Economics France LLP (the 'Group') drawn up to 31 March 2018.

The accounts of RBB Economics LLP incorporate the results of the South African, Australian, Spanish and Swedish branches.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the provision of economic consultancy services.

REVIEW OF DEVELOPMENTS

The trading results for the year ended 31 March 2018, and the LLP's financial position at the end of the year, are shown in the attached financial statements.

DESIGNATED MEMBERS

The designated members who served during the year are set out in detail on page 1.

TRANSACTIONS WITH MEMBERS

The members' policy on drawings is dependent upon the working capital requirements of the firm. A conservative level of monthly drawings is set at the start of the period and further distributions are made once the results for the period have been finalised.

The balance of profits due to members is paid out once the accounts for the year ended 31 March 2018 are signed, again subject to working capital requirements.

The level of members' capital is determined by the members from time to time. Capital is repaid to members on resignation from the firm, or at such other time as is determined by the board.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Members' Meeting.



S L BISHOP

Approved by the Members

Date: 5 December 2018

MEMBERS' RESPONSIBILITIES STATEMENT

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". Under Company law as applied to Limited Liability Partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Limited Liability Partnership and of the profit or loss of the group and Limited Liability Partnership for that year. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 Partnership 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 Limited Liability Partnership 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 July 2014). They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBB ECONOMICS LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RBB Economics LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 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 which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent LLP balance sheets;
- the consolidated and parent LLP statement of changes in members' interests;
- the consolidated cash flow statement; and
- the related notes 1 to 17.

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's (the 'FRC's') 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBB ECONOMICS LLP (continued)

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 material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBB ECONOMICS LLP (continued)

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.



Jeremy Black (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

10 December 2018

RBB ECONOMICS LLP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2018

	Note	2018 £	2017 £
TURNOVER	3	55,179,976	42,612,221
Depreciation	9	(263,705)	(210,053)
Staff costs	6	(10,996,151)	(9,394,851)
Other operating charges		(5,606,654)	(3,979,133)
OPERATING PROFIT	4	38,313,466	29,028,184
Interest receivable	7	4,773	4,504
PROFIT BEFORE TAXATION		38,318,239	29,032,688
Taxation	5	(269,852)	(195,986)
PROFIT AFTER TAXATION		38,048,387	28,836,702
Profit retained in subsidiaries		(289,919)	(211,804)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		37,758,468	28,624,898
Members' remuneration charged as an expense		(37,758,468)	(28,624,898)
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		-	-
Currency translation gain on foreign currency net - investments		434,083	1,377,173
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		434,083	1,377,173

All results relate to continuing activities.

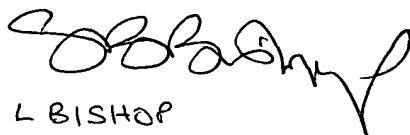
RBB ECONOMICS LLP

CONSOLIDATED BALANCE SHEET
31 March 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	996,307	987,823
CURRENT ASSETS			
Debtors	12	20,662,064	18,364,047
Cash at bank and in hand		12,253,152	9,962,510
		32,915,216	28,326,557
CREDITORS: amounts falling due within one year	13	(3,842,476)	(4,524,921)
NET CURRENT ASSETS		29,072,740	23,801,636
NET ASSETS ATTRIBUTABLE TO MEMBERS		30,069,047	24,789,459
REPRESENTED BY:			
Loans and other debts due to members within one year:			
Members' capital classified as a liability under FRS 102		62	56
Other amounts		30,068,985	24,789,403
TOTAL MEMBERS' INTERESTS		30,069,047	24,789,459

These financial statements of RBB Economics LLP, registered number OC315356, were approved and authorised for issue by the Members on

Signed on behalf of the Members


S L BISHOP
 Designated Member
 5 December 2018

RBB ECONOMICS LLP

LLP BALANCE SHEET 31 March 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	849,643	947,343
Investments	11	163,660	163,652
		<u>1,013,303</u>	<u>1,110,995</u>
CURRENT ASSETS			
Debtors	12	59,894,480	46,308,812
Cash at bank and in hand		10,352,176	6,191,025
		<u>70,246,656</u>	<u>52,499,837</u>
CREDITORS: amounts falling due within one year	13	(54,793,522)	(38,884,163)
NET CURRENT ASSETS		<u>15,453,134</u>	<u>13,615,674</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>16,466,437</u>	<u>14,726,669</u>
REPRESENTED BY:			
Loans and other debts due to members within one year:			
Members' capital classified as a liability under FRS 102		62	56
Other amounts		16,466,375	14,726,613
TOTAL MEMBERS' INTERESTS		<u>16,466,437</u>	<u>14,726,669</u>

The profit for the financial year dealt with in the financial statements of the parent LLP was £27,079,885 (2017: £21,208,735).

These financial statements of RBB Economics LLP, registered number OC315356, were approved and authorised for issue by the Members on

Signed on behalf of the Members



S L BISHOP

Designated Member

5 December 2018

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS
Year ended 31 March 2018

	Loans and other debts due to members within one year		
	Members' capital	Other amounts	Total
	£	£	£
Members' interests at 1 April 2016	50	23,627,114	23,627,164
Profit for the year divided among members	-	28,836,702	28,836,702
Distributions to members	-	(29,051,586)	(29,051,586)
Foreign exchange effects	-	1,377,173	1,377,173
Capital introduced by members	6	-	6
Members' interests at 1 April 2017	56	24,789,403	24,789,459
Profit for the year divided among members	-	38,048,387	38,048,387
Distributions to members	-	(33,202,888)	(33,202,888)
Foreign exchange effects	-	434,083	434,083
Capital introduced by members	6	-	6
Members' interests at 31 March 2018	62	30,068,985	30,069,047

RBB ECONOMICS LLP

LLP STATEMENT OF CHANGES IN MEMBERS' INTERESTS

Year ended 31 March 2018

	Loans and other debts due to members within one year		
	Members' capital	Other amounts	Total
	£	£	£
Members' interests at 1 April 2016	50	15,325,914	15,325,964
Profit for the year divided among members	-	21,208,735	21,208,735
Distributions to members	-	(22,090,410)	(22,090,410)
Foreign exchange effects	-	282,374	282,374
Capital introduced by members	6	-	6
Members' interests at 1 April 2017	56	14,726,613	14,726,669
Profit for the year divided among members	-	27,079,885	27,079,885
Distributions to members	-	(25,342,182)	(25,342,182)
Foreign exchange effects	-	2,059	2,059
Capital introduced by members	6	-	6
Members' interests at 31 March 2018	62	16,466,375	16,466,437

RBB ECONOMICS LLP

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 March 2018

	Note	2018 £	2017 £
Net cash flow from operating activities	14	<u>35,765,835</u>	<u>34,054,056</u>
Cash flow from investing activities			
Interest received		4,773	4,504
Payments to acquire tangible fixed assets		<u>(277,084)</u>	<u>(296,731)</u>
Net cash flow from investing activities		<u>(272,311)</u>	<u>(292,227)</u>
Cash flows from financing activities			
Payments to members		(33,202,888)	(29,051,586)
Capital introduced by members		<u>6</u>	<u>6</u>
Net cash flow from financing activities		<u>(33,202,882)</u>	<u>(29,051,580)</u>
Net increase in cash and cash equivalents		2,290,642	4,710,249
Cash and cash equivalents at beginning of year		<u>9,962,510</u>	<u>5,252,261</u>
Cash and cash equivalents at end of year		<u><u>12,253,152</u></u>	<u><u>9,962,510</u></u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		<u>12,253,152</u>	<u>9,962,510</u>
Cash and cash equivalents		<u><u>12,253,152</u></u>	<u><u>9,962,510</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and the Statement of Recommended Practice, Accounting by Limited Liability Partnerships (issued July 2014). The particular accounting policies are outlined below.

Accounting convention

The financial statements are prepared under the historical cost convention.

General information and basis of accounting

RBB Economics LLP ("the Partnership") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. 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 page 2.

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) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014).

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

RBB Economics 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 presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Basis of consolidation

RBB Economics LLP financial statements consolidate the financial statements of the partnership and its subsidiary undertakings drawn up to 31 March each year. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Going concern

The group and LLP's forecasts and projections, taking account of a range of changes in trading performance, show that the group and LLP will continue to operate with positive cash balances. As a consequence, the members believe that the group and LLP have sufficient financial resources and are well placed to manage their business risks despite the current uncertain economic outlook.

Therefore, the members have a reasonable expectation that the group and LLP have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

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.

The consolidated accounts incorporate the tax position of the underlying subsidiaries and overseas branches, which are subject to corporation tax due to their company status or location. The accounting policy applied in the recognition of this tax position in the consolidated accounts is detailed below.

Current tax, comprising UK and overseas 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Tangible fixed assets

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures and fittings	20% straight line
Computer equipment	20% - 33% straight line
Leasehold improvements	10% straight line

Investments

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

Leased assets

Rental costs under operating leases are charged to the statement of comprehensive income in equal annual instalments over the periods of the leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the statement of comprehensive income.

Turnover and amounts recoverable under contracts

Services provided to clients during the years, which at the balance sheet date have not been billed to clients, have been recognised as turnover 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 at the balance sheet date as a proportion of the total value of the engagement. Unbilled fee income is included as amounts recoverable on contracts within debtors. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the firm.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Members' remuneration

Remuneration paid to members under employment contracts, any other non-discretionary amounts payable to members and any automatic divisions of profit are recognised as an expense in the statement of comprehensive income as incurred, under the heading 'Members' remuneration charged as an expense'.

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of equity when the division occurs.

Financial liabilities and equity

Members' capital and other amounts due to members have been classified as a financial liability.

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.

Financial assets and financial 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 finance 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).
- (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).

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2018****1. ACCOUNTING POLICIES (continued)****Financial instruments (continued)**

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**Critical judgement areas**

In the application of the Group'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. In the opinion of the Members there were no key sources of estimation uncertainty included in the preparation of these financial statements.

Critical judgements in applying the Group's accounting policies

There are no material critical areas of judgement.

3. TURNOVER

Turnover represents fee income earned from the provision of economic consultancy services, and is stated net of Value Added Tax.

	2018	2017
	%	%
Geographical analysis of turnover by destination:		
United Kingdom	9	17
Rest of Europe	63	51
Rest of World	28	32
	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

4. OPERATING PROFIT

	2018	2017
	£	£
Operating profit is after charging:		
Depreciation		
Owned assets	263,705	210,053
Rentals under operating leases		
Other operating leases	1,040,711	943,207
Auditor's remuneration	40,000	35,000
Non-audit fees – other services	40,000	26,330
	<u>263,705</u>	<u>210,053</u>

5. TAX ON PROFIT

The taxation charge which arises in the corporate entities included within these financial statements is:

	2018	2017
	£	£
Current taxation		
Overseas corporation tax	269,852	195,986
Tax charge on profit	<u>269,852</u>	<u>195,986</u>

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19% (2017 - 20%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

Reconciliation of current tax	2018	2017
	£	£
Profit of corporate entities before tax	38,318,239	29,032,688
Tax on profit at standard rate	7,280,465	5,806,538
Factors affecting charge for the year:		
Amounts subject to self-assessment	(7,132,802)	(5,639,034)
Amounts taxed at different rates of taxation overseas	122,189	28,482
Total actual amount of current tax	<u>269,852</u>	<u>195,986</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2018

6. STAFF COSTS

	2018 No.	2017 No.
Average number of persons employed (excluding members) during the year:		
Consultants	89	92
Support staff	14	13
	<u>103</u>	<u>105</u>
	£	£
Employee costs during the year amounted to:		
Wages and salaries	9,714,750	8,484,540
Social security costs	1,281,402	872,697
Other pension costs	41,290	37,614
	<u>11,037,442</u>	<u>9,394,851</u>

7. INTEREST RECEIVABLE

	2018 £	2017 £
Bank interest receivable	<u>4,773</u>	<u>4,504</u>

8. MEMBERS' SHARE OF PROFITS

Profits are shared among the members in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions and tax from their profit shares.

	2017 No	2016 No
Average number of members during the year	<u>17</u>	<u>15</u>

Profit attributable to the member with the largest entitlement to profit was £6,386,959 (2017: £5,511,374).

Total remuneration of key management personnel totalled £37,758,468 (2017: £28,624,898).

RBB ECONOMICS LLP

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2018

9. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 April 2017	365,493	629,950	787,844	1,783,287
Foreign exchange	(895)	(2,610)	(4,639)	(8,144)
Additions	11,704	159,668	105,712	277,084
At 31 March 2018	376,302	787,008	888,917	2,052,227
Accumulated depreciation				
At 1 April 2017	184,999	382,571	227,894	795,464
Foreign exchange	483	(2,206)	(1,526)	(3,249)
Charge for the year	39,872	127,313	96,520	263,705
At 31 March 2018	225,354	507,678	322,888	1,055,920
Net book value				
At 31 March 2018	150,948	279,330	566,029	996,307
At 31 March 2017	180,494	247,379	559,950	987,823
LLP				
	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
Cost				
At 1 April 2017	227,337	509,362	787,844	1,524,543
Foreign exchange	(3,347)	(4,835)	(3,395)	(11,577)
Additions	5,833	123,068	13,028	141,929
At 31 March 2018	229,823	627,595	797,477	1,654,895
Accumulated depreciation				
At 1 April 2017	57,173	292,133	227,894	577,200
Foreign exchange	(460)	(3,823)	(1,574)	(5,857)
Charge for the year	30,905	109,085	93,919	233,909
At 31 March 2018	87,618	397,395	320,239	805,252
Net book value				
At 31 March 2018	142,205	230,200	477,238	849,643
At 31 March 2017	170,164	217,229	559,950	947,343

RBB ECONOMICS LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

10. PROFIT ATTRIBUTABLE TO THE LLP

No separate profit and loss account or statement of comprehensive income is presented in respect of the parent LLP. The profit attributable to the parent LLP is disclosed in the footnote to the LLP's balance sheet.

11. INVESTMENTS

LLP

Subsidiary undertakings

	£
Cost	
At 1 April 2017	163,652
Additions	8
	<u>163,660</u>
At 31 March 2018	<u>163,660</u>

The company holds more than 20% of the share capital of the following companies:

Company	Registered office	Equity held Class	%
Subsidiary undertakings			
RBB Belgium NV	a	Ordinary	100
RBB Netherlands BV	b	Ordinary	100
RBB Economics France LLP	c	Ordinary	100
RBB Economics Germany LLP	c	Ordinary	100

All of the above investments are held directly by the LLP.

- a. Bastion Tower, Marsveldplein 5, 1050 Brussel
- b. Lange Houstraat 37-39 2511 CV The Hague
- c. 199 Bishopsgate, London, EC2M 3TY

12. DEBTORS

	Group		LLP	
	2018	2017	2018	2017
	£	£	£	£
Due within one year:				
Trade debtors	13,229,158	11,366,337	12,209,384	9,326,530
Amounts recoverable under contracts	5,978,076	5,701,314	5,106,148	4,303,971
Amounts due from related undertakings	-	-	41,377,818	31,506,722
Other debtors	130,153	166,632	120,887	158,353
Prepayments	1,324,677	1,129,764	1,080,243	1,013,236
	<u>20,662,064</u>	<u>18,364,047</u>	<u>59,894,480</u>	<u>46,308,812</u>

RBB ECONOMICS LLP

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		LLP	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	1,328,412	892,699	786,759	811,578
Amounts due to related undertakings	-	-	50,836,694	34,901,904
Taxation and social security	2,200,146	1,420,318	2,186,758	1,762,633
Other creditors	50,960	191,967	-	81,183
Accruals	262,958	2,019,937	983,311	1,326,865
	<u>3,842,476</u>	<u>4,524,921</u>	<u>54,793,522</u>	<u>38,884,163</u>

14. CASH-FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations.

	2018	2017
	£	£
Operating profit	38,313,466	29,028,184
Adjustment for:		
Depreciation	263,705	210,053
Foreign exchange effects	438,978	1,349,538
Corporate taxes	(269,852)	(195,986)
Operating cash flow before movement in working capital	38,746,297	30,391,789
(Decrease) increase in debtors	(2,298,017)	5,525,051
Increase in creditors	(682,445)	(1,862,784)
Cash generated by operations	<u>35,765,835</u>	<u>34,054,056</u>

15. OBLIGATIONS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Leases which expire:		
Less than 1 year	1,040,711	943,207
Between 1-5 years	2,709,629	2,776,110
After 5 years	<u>1,026,816</u>	<u>1,556,838</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2018

16. TRANSACTIONS WITH RELATED PARTIES

The group has relied upon the exemption in FRS 102 Section 33 “Related party disclosures” not to disclose transactions between itself and its subsidiary undertakings.

17. CONTROLLING PARTY

In the opinion of the members there is no controlling party as defined by FRS 102 Section 33 “Related party disclosures”.