Limited Liability Partnership Registration No. OC318149

ADDLESHAW GODDARD LLP

Annual Report and Financial Statements

For the year ended 30 April 2017

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2017

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DESIGNATED PARTNERS

John Joyce – Managing Partner
Charles Penney – Senior Partner
Adrian Collins
Michael Leftley
Susan Garrett (Resigned 30 April 2017)
William Wastie
Paul Salsbury
Michael Lowry
Justine Delroy (Appointed 1 May 2017)
Malcolm McPherson (Appointed 1 June 2017)

REGISTERED OFFICE

Milton Gate
60 Chiswell Street
London
EC1Y 4AG
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

REPORT TO THE PARTNERS

The Board is pleased to present its annual report to the members ('partners') of Addleshaw Goddard LLP, together with the Group financial statements and auditor's report for the year ended 30 April 2017.
The members of Addleshaw Goddard LLP are known and referred to by both clients and staff as 'partners'. Throughout the financial statements references to partners should be taken as referring to members, as defined by the Limited Liability Partnerships Regulations.
Addleshaw Goddard LLP includes the Addleshaw Goddard LLP Singapore Branch.

PRINCIPAL ACTIVITY

The principal activity of Addleshaw Goddard LLP is the provision of legal services.

DESIGNATED PARTNERS

The partners who were the designated partners during the year and to the date of this report unless otherwise stated are as listed below:
John Joyce – Managing Partner
Charles Penney – Senior Partner
Adrian Collins
Michael Leftley
Susan Garrett (Resigned 30 April 2017)
William Wastie
Paul Salsbury
Michael Lowry
Justine Delroy (Appointed 1 May 2017)
Malcolm McPherson (Appointed 1June 2017)

BUSINESS REVIEW
During the first half of the year transactional activity levels were impacted by the prospect and then the outcome of the UK Brexit referendum but largely recovered post September to the extent that activity levels and income, on an underlying basis, closed marginally ahead of the prior year. The Group continues to invest in its domestic and international practices whilst also investing in both its real estate (two office moves were completed in 16/17) and IT infrastructure. The short to medium term risks centre upon the ongoing uncertainty in relation to the UK's exit from the EU and various other macro-economic and political challenges (including uncertainty in parts of the GCC) that impact on overall confidence and therefore transactional activity.

PARTNERS' DRAWINGS AND THE SUBSCRIPTION AND REPAYMENT OF PARTNERS' CAPITAL

The partners' 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 year and further distributions are made once the results of the year and allocation of profit have been finalised. The level of partners' capital is determined by the partners from time to time with each partner's capital subscription linked to his or her share of profit. Capital is repaid to partners following cessation of membership of the firm.

GOING CONCERN

After making enquiries, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITOR

Deloitte LLP has expressed its willingness to continue in office as the limited liability partnership's auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 21 July 2017 and signed on behalf of the Board

John Joyce
Managing Partner

Charles Penney
Senior Partner

STATEMENT OF PARTNERS' RESPONSIBILITIES

The partners 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 partners to prepare financial statements for each financial year. Under that law the partners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including "FRS102" The Financial Reporting Standard applicable to the UK and the Republic of Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the LLP and of the profit or loss of the Group for the year. In preparing these financial statements, the partners 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The partners 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 and in accordance with the requirement of the Statement of Recommended Practice Accounting by Limited Liability Partnership (issued July 2014). 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.

The partners are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the partners.

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF ADDLESHAW GODDARD LLP

We have audited the financial statements of Addleshaw Goddard LLP for the year ended 30 April 2017 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and LLP Balance Sheets, Total Partners' Interests for the Group and LLP, the Group Cash Flow Statement and the related notes 1 to 24 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) including "FRS102" The Financial Reporting Standard applicable to the UK and the Republic of Ireland.

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 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. 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 April 2017 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 PARTNERS OF ADDLESHAW GODDARD 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; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.

Heather Crosby

Heather Crosby BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
Date 21 July 2017

GROUP PROFIT AND LOSS ACCOUNT
Year ended 30 April 2017

	Note	2017 £'000	2016 £'000
TURNOVER	3	188,246	195,144
Staff costs	5	(69,731)	(64,592)
Depreciation and amortisation	6	(7,493)	(7,157)
Other operating expenses		(52,643)	(53,044)
Other operating income	4	5,635	3,928
Total operating expenses (net)		(124,232)	(120,865)
OPERATING PROFIT		64,014	74,279
Finance costs (net)	7	(370)	(381)
PROFIT FOR THE FINANCIAL YEAR BEFORE TAXATION AND PARTNERS' REMUNERATION		63,644	73,898
Taxation	8	(953)	(1,195)
PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNERS' REMUNERATION		62,691	72,703
Partners' remuneration charged as an expense		(32,545)	(31,054)
PROFIT FOR THE FINANCIAL YEAR AFTER PARTNERS' REMUNERATION		30,146	41,649
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DISTRIBUTION AMONGST PARTNERS		30,146	41,649

All results relate to continuing activities.

The notes on pages 13 to 33 form an integral part of the financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 April 2017

	Note	2017 £'000	2016 £'000
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DISTRIBUTION AMONGST PARTNERS		30,146	41,649
Actuarial (loss)/ gain on defined benefit pension scheme	20	(2,080)	5,043
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		28,066	46,692
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR THE YEAR:		28,066	46,692

The notes on pages 13 to 33 form an integral part of the financial statements.

GROUP BALANCE SHEET
As at 30 April 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	11	4,157	5,378
Tangible assets	12	22,037	21,675
		26,194	27,053
CURRENT ASSETS			
Debtors	14	92,228	90,705
Cash at bank and in hand		21,876	25,656
		114,104	116,361
CREDITORS: amounts falling due within one year	15	(41,457)	(43,770)
NET CURRENT ASSETS		72,647	72,591
TOTAL ASSETS LESS CURRENT LIABILITIES		98,841	99,644
CREDITORS: amounts falling due after more than one year	16	(159)	(542)
Provisions for liabilities	18	(12,549)	(13,266)
NET ASSETS ATTRIBUTABLE TO PARTNERS EXCLUDING PENSION LIABILITIES		86,133	85,836
Retirement benefit liabilities	20	(1,345)	(470)
NET ASSETS ATTRIBUTABLE TO PARTNERS INCLUDING PENSION LIABILITIES		84,788	85,366
REPRESENTED BY:			
Loans and other debts due to partners			
Partners' capital classified as a liability under FRS 102		36,469	36,617
Other amounts		23,459	15,775
		59,928	52,392
Equity			
Partners' other interests – other reserves classified as equity under FRS 102		24,860	32,974
TOTAL PARTNERS' INTERESTS		84,788	85,366

The notes on pages 13 to 33 form an integral part of these financial statements

The financial statements of Addleshaw Goddard LLP, registered number OC318149, were approved by the Board and authorised for issue on 21 July 2017

Signed on behalf of the Board

John Joyce
Managing Partner

Charles Penney
Senior Partner

LLP BALANCE SHEET
As at 30 April 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	11	4,157	5,378
Tangible assets	12	21,929	21,555
Investments	13	-	-
		26,086	26,933
CURRENT ASSETS			
Debtors	14	96,693	92,119
Cash at bank and in hand		21,050	25,483
		117,743	117,602
CREDITORS: amounts falling due within one year	15	(48,988)	(47,648)
NET CURRENT ASSETS		68,755	69,954
TOTAL ASSETS LESS CURRENT LIABILITIES		94,841	96,887
CREDITORS: amounts falling due after more than one year	16	(159)	(542)
Provisions for liabilities	18	(12,213)	(12,991)
NET ASSETS ATTRIBUTABLE TO PARTNERS EXCLUDING PENSION LIABILITIES		82,469	83,354
Retirement benefit liabilities	20	(1,345)	(470)
NET ASSETS ATTRIBUTABLE TO PARTNERS INCLUDING PENSION LIABILITIES		81,124	82,884
REPRESENTED BY:			
Loans and other debts due to partners			
Partners' capital classified as a liability under FRS 102		36,469	36,617
Other amounts		22,698	15,515
		59,167	52,132
Equity			
Partners' other interests – other reserves classified as equity under FRS 102		21,957	30,752
TOTAL PARTNERS' INTERESTS		81,124	82,884

The LLP profit for the financial year available for discretionary distribution amongst partners is £25,700,000 (2016 - £38,327,000).

The financial statements of Addleshaw Goddard LLP, registered number OC318149, were approved by the Board and authorised for issue on 21 July 2017

Signed on behalf of the Board

John Joyce
Managing Partner

Charles Penney
Senior Partner

TOTAL PARTNERS' INTERESTS
As at 30 April 2017

GROUP	Other reserves £'000	Loans and other debts due to partners £'000	Total partners' interests £'000
At 1 May 2015	**15,107**	**41,930**	**57,037**
Other reserves allocated to partners	(27,565)	27,565	-
Partners' remuneration charged as an expense	-	31,054	31,054
Profit for the financial year available for discretionary distribution among partners	41,649	-	41,649
Partners' interests after profit for the year	29,191	100,549	129,740
Distribution of prior year profits	-	(17,500)	(17,500)
Payments on account of current year profits	-	(29,481)	(29,481)
Transfer of amounts due to former partners	(1,260)	(2,427)	(3,687)
Pension scheme actuarial gain	5,043	-	5,043
Capital introduced	-	4,090	4,090
Capital repaid	-	(2,839)	(2,839)
At 1 May 2016	**32,974**	**52,392**	**85,366**
Other reserves allocated to partners	(35,047)	35,047	-
Partners' remuneration charged as an expense	-	32,545	32,545
Profit for the financial year available for discretionary distribution among partners	30,146	-	30,146
Partners' interests after profit for the year	28,073	119,984	148,057
Distribution of prior year profits	-	(28,349)	(28,349)
Payments on account of current year profits	-	(31,560)	(31,560)
Transfer of amounts due to former partners	(1,133)	(1,887)	(3,020)
Pension scheme actuarial loss	(2,080)	-	(2,080)
Capital introduced	-	5,032	5,032
Capital repaid	-	(3,292)	(3,292)
At 30 April 2017	**24,860**	**59,928**	**84,788**

Partners are required under the terms of the LLP Articles to provide capital in proportion to the profit sharing points allocated to them. The profit sharing points are assessed annually, with any changes being effective on 1 May.

Capital is repaid to partners following cessation of membership of the limited liability partnership and so is presented above in amounts due to partners. In the event of a winding up, loans and other debts due to partners and partners' other interests rank subordinate to other unsecured creditors.

TOTAL PARTNERS' INTERESTS
As at 30 April 2017

LLP		Other reserves £'000	Loans and other debts due to partners £'000	Total partners' interests £'000
At 30 April 2015		**12,514**	**41,628**	**54,142**
Other reserves allocated to partners		(23,872)	23,872	-
Partners' remuneration charged as an expense		-	30,559	30,559
Profit for the financial year available for discretionary distribution among partners	Note 10	38,327	-	38,327
Partners' interests after profit for the year		26,969	96,059	123,028
Distribution of prior year profits		-	(17,467)	(17,467)
Payments on account of current year profits		-	(29,233)	(29,233)
Transfer of amounts due to former partners		(1,260)	(2,427)	(3,687)
Capital introduced		-	4,090	4,090
Pension scheme actuarial gain		5,043	-	5,043
Capital repaid		-	(2,839)	(2,839)
Dividend received from group undertaking		-	3,949	3,949
At 30 April 2016		**30,752**	**52,132**	**82,884**
Other reserves allocated to partners		(31,282)	31,282	-
Partners' remuneration charged as an expense			32,508	32,508
Profit for the financial year available for discretionary distribution among partners	Note 10	25,700	-	25,700
Partners' interests after profit for the year		25,170	115,922	141,092
Distribution of prior year profits		-	(28,440)	(28,440)
Payments on account of current year profits		-	(31,560)	(31,560)
Transfer of amounts due to former partners		(1,133)	(1,887)	(3,020)
Pension scheme actuarial loss		(2,080)	-	(2,080)
Capital introduced		-	5,032	5,032
Capital repaid		-	(3,292)	(3,292)
Dividend received from group undertaking		-	3,392	3,392
At 30 April 2016		**21,957**	**59,167**	**81,124**

Partners are required under the terms of the LLP Articles to provide capital in proportion to the profit sharing points allocated to them. The profit sharing points are assessed annually, with any changes being effective on 1 May.

Capital is repaid to partners following cessation of membership of the limited liability partnership and so is presented above in amounts due to partners. In the event of a winding up, loans and other debts due to partners and partners' other interests rank subordinate to other unsecured creditors.

GROUP CASH FLOW STATEMENT
Year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Net cash flows from operating activities	21	61,765	73,335
Cash flows from investing activities			
Purchase of tangible fixed assets		(6,639)	(4,228)
Proceeds from disposal of fixed assets		20	-
Interest received		32	37
Net cash flows from investing activities		(6,587)	(4,191)
Cash flows from financing activities			
Repayments of obligations under finance lease		(358)	(333)
Interest paid		(431)	(246)
Payments to or on behalf of the members		(59,909)	(46,981)
Capital contributions by members		5,032	4,090
Capital repaid		(3,292)	(2,839)
Net cash flows from financing activities		(58,958)	(46,309)
Net increase/(decrease) in cash and cash equivalents		(3,780)	22,835
Cash and cash equivalents at beginning of year		25,656	2,821
Cash and cash equivalents at end of year		21,876	25,656
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		21,876	25,656
Cash equivalents		-	-
Cash and cash equivalents		21,876	25,656

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2017

1. ACCOUNTING POLICIES

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

a.) General information and basis of accounting

Addleshaw Goddard LLP is a limited liability partnership incorporated in England & Wales under the Companies Act. 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 Report to the Partners on page 2.

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council and the requirement of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014).

The functional currency of Addleshaw Goddard LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also prepared in pounds sterling.

Addleshaw Goddard LLP meets the definition of a qualifying entity under FRS 102 and therefore has taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to presentation of cash flow statements and intra-Group transactions.

b.) Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April each year. As permitted under Section 408 of the Companies Act 2006 as applicable to limited liability partnerships, the individual profit and loss account of Addleshaw Goddard LLP is not presented.

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 in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c.) Going concern

The Group meets its long term capital requirements through partners' loans and a revolving loan, ending on 30 September 2019. The Group meets its day-to-day working capital requirements through its working capital cycle.

The Group's forecasts and projections, taking account of reasonably possible changes in trading, show that the Group is able to operate within the level of its current revolving loan facility. The Group has a strong and diverse client base, and maintains strong levels of control over its cost base. As a consequence, the Board believe that the Group is well placed to manage its business risks successfully despite the current economic outlook.

After making enquiries, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. ACCOUNTING POLICIES (continued)

d.) Intangible fixed assets

Separately acquired or developed software is included at cost and amortised in equal annual instalments over a period of 3 years which is its estimated useful economic life. A provision is made for any impairment.

Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date. Subsequently these are amortised in equal annual instalments over a period of 3 years which is their estimated useful economic life. Provision is made for any impairment.

e.) 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:

Structural improvements to leasehold property	Remaining life of lease
Other improvements to leasehold property	10 years or remaining life of lease, if lower
Fixtures and fittings	7 years
Office and computer equipment	3 – 5 years

Residual value represents the estimated amounts which would currently be obtained from the disposal of an asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f.) Impairment of assets

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

Non-financial assets

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

Financial assets

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

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

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

g.) Financial instruments

Financial assets and 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.

1. ACCOUNTING POLICIES (continued)

g.) Financial instruments (continued)

Financial assets and liabilities

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

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) 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 year or prior years.

(c) 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 the control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

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

Other debt instruments not meeting the conditions are measured at fair value through profit or loss.

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

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

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

h.) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of issue costs. Finance charges are accounted for on an accruals basis in the profit or loss account and are accounted for within accruals to the extent that they are not settled in the period in which they arise.

i.) Investments

Investments are stated at cost less provision for impairment.

j.) Unbilled revenue

Services provided during the year to clients, which at the balance sheet date have not yet been billed, are recognised as turnover in accordance with FRS 102 Section 23. Turnover is recognised by reference to 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

1. ACCOUNTING POLICIES (continued)

k.) Unbilled revenue (continued)

A provision is made against unbilled amounts on those client engagements where the right to receive consideration is contingent on factors outside the control of the LLP.

l.) Taxation

The taxation payable on profits of the LLP is the personal liability of the partners. A retention from profits is made to fund the payments of taxation on behalf of partners.

Tax due on corporate subsidiaries is provided for at the tax rates and laws enacted, or substantively enacted, at the balance sheet date.

m.) Leases

Assets under finance lease and other similar contracts, which confer the rights and obligations similar to those attached to owned assets, are capitalised as "tangible fixed assets" and are depreciated over the shorter of the lease terms and their useful economic lives. The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account, over the year of the leases to produce a periodic rate of interest on the remaining balance of the liability.

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 enter into an operating lease are similarly spread on a straight line basis over the lease term.

n.) Rental income

Rental income is recognised when the service is delivered.

o.) Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the defined benefit liability is shown within financial costs.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on scheme assets (excluding interest) are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets held separately from those of the LLP, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Addleshaw Goddard LLP also operates a defined contribution scheme for its employees. The amount charged to the profit and loss account is the amount payable for the year according to the scheme's rules.

p.) Provisions

A provision is made for the best estimate of expected losses from onerous contracts.

A provision is made for rent free periods received as operating lease incentives to spread the total cost of the lease over the lease term.

A provision is made for dilapidations in respect of property leases which contain a requirement for the premises to be returned to their original state prior to the conclusion of the lease term.

1. ACCOUNTING POLICIES (continued)

q.) Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

r.) Discounting

Longer term provisions are shown at the present value of the expected liability. The increase during the year in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account and is included under the 'Net Interest Payable' caption.

s.) Allocation of profits and drawings

The partners' 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 year and further distributions are made once the annual financial statements are approved. Profits are allocated by the Board, unallocated profits are included in other reserves within Partners' other interests.

t.) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the year end and their balance sheets at the rates ruling at the balance sheet date.

Exchange differences arising on translation of opening net assets and results of overseas operations and on foreign currency borrowings are dealt with through reserves. All other exchange differences are included in the profit and loss account.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

a.) Bad debt

Management evaluates the recoverability of accounts receivable on an ongoing basis so as to determine whether a provision against bad debt is required. All debts greater than six months old are provided for in full, excluding debts which are perceived to hold minimal risk based on the financial stability and payment history of the debtor.

Management also review all clients to identify those which may be in financial difficulty and make an additional provision accordingly.

b.) Work in progress

Management reviews the valuation of unbilled revenue to identify any significant areas of risk in relation to recoverability and makes any additional provision accordingly.

c.) Investment carrying value

Management will utilise forecasts regarding the profitability of the overseas entities and will apply the present value of future cash flows expected to assess if there is any impairment.

d.) Intercompany indebtedness and recovery

Management reviews the 3 year outlook for each International office and their current trading trajectory to ensure that the loans outstanding can be recovered by the entity. If trading performance indicates that they are unlikely to be able to start to repay the outstanding debt over a sensible period then management will write off to a recoverable level.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY (continued)

e.) Dilapidations

The Group provides for its legal responsibility for dilapidation costs following advice from chartered surveyors and previous experience of exit costs.

f.) Professional indemnity insurance

Professional indemnity insurance premiums are charged as incurred and expensed to the profit and loss account over the period of the insurance cover. Costs are accrued in respect of any uninsured excess that the Group considers likely to be payable.

3. TURNOVER

Turnover is stated net of VAT. Turnover from the supply of services represents the value of services provided under engagement to the extent that there is a right to consideration and is recorded at the fair value of the consideration due. Where an engagement has only been partially completed at the balance sheet date turnover represents the value of supplies provided at the balance sheet date based on a proportion of the engagement value.

Where payments are received from clients in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

No segmental analysis has been shown since the Board considers that such a disclosure would be prejudicial to the business.

4. OTHER OPERATING INCOME

	2017 £'000	2016 £'000
Other income	5,635	3,928

Other income consists of rental income £3,812,000 (2016: £3,709,000) and other income £1,823,000 (2016: £218,000)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

5. STAFF COSTS

	2017 No.	2016 No.
Average number of persons employed during the year (excluding partners) was:		
Fee earners	742	713
Support staff	460	446
	1,202	1,159

	2017 £'000	2016 £'000
Staff costs incurred during the year in respect of employees were:		
Wages and salaries (excluding partners)	58,796	54,858
Social security costs	6,617	5,553
Pension costs (net)	4,318	4,181
Total staff costs	69,731	64,592

6. OPERATING PROFIT

	2017 £'000	2016 £'000
Operating profit is stated after charging (crediting):		
Depreciation of owned tangible fixed assets	4,561	5,668
Depreciation on assets acquired via finance lease	211	211
Amortisation of intangible assets	2,721	1,278
Rentals under operating leases		
- Land and buildings	14,632	13,983
- Other leases	280	349
Foreign exchange (gain)	(689)	(322)
Profit on disposal of fixed assets	(15)	-
Auditor's remuneration		
- Fees payable to the LLP's auditor for the audit of the LLP's annual financial statements	68	62
- Fees payable to the LLP's auditor for the audit of the LLP's subsidiaries pursuant to legislation	71	68
- Fees payable to the LLP's auditor for non-audit services	136	75

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

6. OPERATING PROFIT (continued)

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

	2017 £'000	2016 £'000
Fees payable to the Group LLP's auditor and its associates for the audit of the Limited Liability Partnership's annual accounts	68	62
Fees payable to the Group LLP's auditor and its associates for other services to the Group		
The audit of the Group LLP's subsidiaries	71	68
Total audit fees	**139**	**130**
Total non-audit fees	**136**	**75**

Other services in the current and prior year include taxation, reporting under the SRA Accounts Rules and other advisory services.

7. NET INTEREST PAYABLE

	2017 £'000	2016 £'000
Bank interest payable on loans and overdrafts	302	278
Other interest payable and similar charges	100	(82)
	402	196
Net pension interest	(4)	222
Bank interest receivable and other income	(28)	(37)
	(32)	185
Net interest payable	370	381

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

8. TAXATION

A tax charge arises in the year of £953,000 (2016 - £1,195,000).

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 19.9%. The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	63,644	73,898
Tax at 19.9% (2016 – 20.0%) thereon	12,665	14,780
Effects of:		
Income not chargeable to corporation tax	(11,712)	(13,585)
Current tax charge for the year	953	1,195

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, and Finance Act 2015 (No.2), included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017.

9. PARTNERS' SHARE OF PROFITS

The basis on which profits are shared among the partners is set out in the principal accounting policies.

	2017 No.	2016 No.
Average number of partners	171	166

The highest remuneration of a partner for the year which was allocated since the year end, excluding retirement provisions, was £776,160 (2016 - £1,121,570).

10. PROFIT ATTRIBUTABLE TO THE LIMITED LIABILITY PARTNERSHIP

As permitted under Section 408 of the Companies Act 2006 as applied by limited liability partnerships (Accounts and Audit) (Application of Companies Act 2006), a separate profit and loss account for Addleshaw Goddard LLP has not been presented. Its profit for the financial year available for discretionary distribution amongst partners is £25,700,000 (2016 - £38,327,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

11. INTANGIBLE FIXED ASSETS

Group	Computer Software £'000
Cost	
At 1 May 2016	14,069
Additions	1,505
Disposals	(9)
At 30 April 2017	15,565
Accumulated amortisation	
At 1 May 2016	8,691
Charge for the year	2,721
Disposals	(4)
At 30 April 2017	11,408
Net book value	
At 30 April 2017	4,157
At 30 April 2016	5,378

LLP	Office and computer equipment £'000
Cost	
At 1 May 2016	14,069
Additions	1,505
Disposals	(9)
At 30 April 2017	15,565
Accumulated amortisation	
At 1 May 2016	8,691
Charge for the year	2,721
Disposals	(4)
At 30 April 2017	11,408
Net book value	
At 30 April 2017	4,157
At 30 April 2016	5,378

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

12. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 May 2016	45,531	5,560	8,131	59,222
Additions	1,388	354	3,392	5,134
Disposals	(720)	(730)	(144)	(1,594)
At 30 April 2017	46,199	5,184	11,379	62,762
Accumulated depreciation				
At 1 May 2016	25,130	4,907	7,510	37,547
Charge for the year	3,801	383	588	4,772
Disposals	(720)	(730)	(144)	(1,594)
At 30 April 2017	28,211	4,560	7,954	40,725
Net book value				
At 30 April 2017	17,988	624	3,425	22,037
At 30 April 2016	20,401	653	621	21,675

Tangible fixed assets held under a finance lease, included above in office and computer equipment, amount to £299,215 (2016: £510,426).

LLP

	Leasehold improvements £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 May 2016	44,594	5,487	8,097	58,178
Additions	1,388	322	3,392	5,102
Disposals	(720)	(730)	(144)	(1,594)
At 30 April 2017	45,262	5,079	11,345	61,686
Accumulated depreciation				
At 1 May 2016	24,276	4,864	7,483	36,623
Charge for the year	3,773	374	581	4,728
Disposals	(720)	(730)	(144)	(1,594)
At 30 April 2017	27,329	4,508	7,920	39,757
Net book value				
At 30 April 2017	17,933	571	3,425	21,929
At 30 April 2016	20,318	623	614	21,555

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

13. INVESTMENTS

At 30 April 2017, Addleshaw Goddard LLP had investments in the following entities, all of which have the same reporting date as Addleshaw Goddard LLP. The results of these entities have been consolidated within the Group financial statements:

	Country of incorporation/ registration or operation	**Activity**	**Proportion of ordinary shares or ownership**
A.G. Registrars Limited[1]	England & Wales	Dormant	100%
Addleshaw Booth & Co Limited[1]	England & Wales	Dormant	100%
Addleshaw Goddard Nominees Limited[1]	England & Wales	Dormant	100%
Addleshaw Goddard Trustees Limited[1]	England & Wales	Dormant	100%
Addleshaws Limited[1]	England & Wales	Dormant	100%
Inhoco Formations Limited[1]	England & Wales	Dormant	100%
Sovereign Trustees Limited[3]	England & Wales	Trustee for various pension schemes	100%
Theodore Goddard Limited[1]	England & Wales	Dormant	100%
AG Service Company Limited[1]	England & Wales	Provision of employee services	100%
Private Capital Trustees Limited[2]	England & Wales	Trustee services	100%
Addleshaw Goddard (GCC) LLP[4]	Qatar	Provision of legal services	100%
AG Services Asia Limited[5]	Hong Kong	Provision of legal services	100%
Addleshaw Goddard (Middle East) LLP[6]	Dubai	Provision of legal services	100%
Addleshaw Goddard (Muscat) LLC[7] *	Sultanate of Oman	Provision of legal services	40%

* Indirect ownership; treated as a subsidiary undertaking because the group controls this investment, directing its financial and operating policies.

Registered offices are as follows:

[1]Milton Gate, 60 Chiswell Street, London EC1Y 4AG
[2] One St Peter's Square, Manchester M2 3DE
[3]3 Sovereign Square, Sovereign Street, Leeds LS1 4ER
[4]Level 44 Tornado Tower, PO Box 27774, West Bay, Doha, Qatar
[5] Unit 161-119, Nexxus Building, 41 Connaught Road, Central, Hong Kong
[6]Level 15 – Tower 2, Al Fattan Currency House, Dubai International Centre P.O Box 506555, Dubai, United Arab Emirates
[7]P.O Box 4, Al Qurum, Postal code 102, Sultanate of Oman

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

13. INVESTMENTS (continued)

At 30 April 2017, Addleshaw Goddard LLP had the power to exercise, or actually exercises, dominant influence or control over the following entities, all of which have the same reporting date as Addleshaw Goddard LLP:

	Country of incorporation/ registration or operation	Activity	Proportion of ordinary shares or ownership
A B & C Limited	England & Wales	Dormant	100%
A B & C Secretarial Limited	England & Wales	Dormant	100%
A G Secretarial Limited	England & Wales	Dormant	100%
Addleshaw Booth & Co Service Company	England & Wales	Dormant	100%
Addleshaw Booth & Co Training Limited	England & Wales	Dormant	100%
Addleshaw Goddard Limited	England & Wales	Dormant	100%
Addleshaw Goddard Secretarial Limited	England & Wales	Dormant	100%
Addleshaw Goddard Service Company Limited	England & Wales	Dormant	100%
Addleshaw Goddard Services Limited	England & Wales	Dormant	100%
Addleshaw Goddard Training Limited	England & Wales	Dormant	100%
Enabl Limited	England & Wales	Dormant	100%
European Private Equity Limited	England & Wales	Dormant	100%
Inhoco 3089 Limited	England & Wales	Dormant	100%

The registered office of each of the above entities is Milton Gate, 60 Chiswell Street, London EC1Y 4AG

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

13. INVESTMENTS (continued)

LLP only	**Shares in subsidiary undertakings**
	£
Cost	
At 1 May 2016	35
Additions	-
At 30 April 2017	35

All subsidiary undertakings have been included in the consolidation.

During the year AG Services Asia Limited (no. 1952267 Registered in Hong Kong) was acquired.

In addition the LLP has an investment in the following dormant entity which does not actively trade. This entity was incorporated in the UK.

Addleshaw Goddard (Qatar) LLP Company Number: OC381841

14. DEBTORS

	Group 2017 £'000	**Group 2016 £'000**	**LLP 2017 £'000**	**LLP 2016 £'000**
Amounts falling due within one year:				
Client debtors	53,459	52,293	51,669	49,724
Unbilled revenue	18,734	18,177	17,777	17,315
Amounts due from group undertakings	-	-	13,238	13,557
Amounts due from related parties	7,002	6,592	3,797	1,253
Other debtors	2,570	2,320	2,028	1,851
Prepayments and accrued income	10,463	11,323	8,184	8,419
	92,228	90,705	96,693	92,119

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	LLP 2017 £'000	LLP 2016 £'000
Obligations under finance leases	383	383	383	383
Trade creditors	9,784	8,425	8,407	7,668
Amounts due to group undertakings	-	-	18,220	18,987
Amounts due to related parties	3,417	3,469	3,654	-
Other creditors including taxation and social security	8,307	10,011	6,978	8,282
Corporation tax	178	325	-	-
Accruals and deferred income	16,368	17,470	8,326	8,641
Amounts due to former partners	3,020	3,687	3,020	3,687
	41,457	43,770	48,988	47,648

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	LLP 2017 £'000	LLP 2016 £'000
Obligations under finance leases	159	542	159	542
	159	542	159	542

Borrowings are repayable as follows:

	Group 2017 £'000	Group 2016 £'000	LLP 2017 £'000	LLP 2016 £'000
Between one and two years	159	383	159	383
Between two and five years	-	159	-	159
	159	542	159	542

The firm entered into a revolving credit facility on 12 May 2015, which has an end date of 30 September 2019.

At the balance sheet date, £nil (2016 - £nil) had been drawn down, and the facilities have not been utilised during the year.

The interest rate which would have been paid on any amounts drawn down and repaid during the year would have been 1.8% weighted average (2016: 1.8%).

17. FINANCIAL INSTRUMENTS

The carrying value of the Group and Company's financial assets and liabilities are summarised by asset category below:

	Group 2017 £'000	Group 2016 £'000	LLP 2017 £'000	LLP 2016 £'000
Financial assets				
Measured at undiscounted amounts receivable:				
Client debtors	53,459	52,293	51,669	49,724
Unbilled revenue	18,734	18,177	17,777	17,315
Amounts due from group undertakings	-	-	13,238	13,557
Amounts due from related parties	7,002	6,592	3,797	1,253
Other debtors	2,570	2,320	2,028	1,851
Prepayments and accrued income	10,463	11,323	8,184	8,419
	92,228	90,705	96,693	92,119

	Group 2017 £'000	Group 2016 £'000	LLP 2017 £'000	LLP 2016 £'000
Financial liabilities				
Measured at amortised cost:				
- Obligations under finance leases	542	924	542	924
Measured at undiscounted amounts payable				
Trade creditors	9,784	8,425	8,407	7,668
Amounts due to group undertakings	-	-	18,220	18,987
Amounts due to related parties	3,417	3,469	3,654	-
Other creditors including taxation and social security	8,307	10,012	6,978	8,283
Corporation tax	178	325	-	-
Accruals and deferred income	16,368	17,470	8,326	8,641
Amounts due to former partners	3,020	3,687	3,020	3,687
	41,616	44,312	49,147	48,190

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

18. PROVISIONS FOR LIABILITIES

Group	Provision for end of service benefits £'000	Operating lease incentives £'000	Provision for dilapidations £'000	Total £'000
At 1 May 2016	255	7,614	5,397	13,266
Created during the year	86	1,924	861	2,871
Utilised during the year	-	(977)	(577)	(1,554)
Released during the year	-	-	(2,034)	(2,034)
At 30 April 2017	341	8,561	3,647	12,549

The provision for dilapidations is in relation to leases which are due to expire in between 7 and 20 years.

LLP	Operating lease incentives £'000	Provision for dilapidations £'000	Total £'000
At 1 May 2016	7,594	5,397	12,991
Created during the year	1,924	860	2,784
Utilised during the year	(951)	(577)	(1,528)
	-	(2,034)	(2,034)
At 30 April 2017	8,567	3,646	12,213

19. OBLIGATIONS UNDER OPERATING LEASES

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

	2017		2016	
Group and LLP	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	14,222	-	14,083	271
Between two and five years	55,363	-	42,026	-
After five years	60,588	-	33,579	-
	130,173	-	89,688	271

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

20. PENSIONS

Addleshaw Goddard LLP operates one defined benefit pension scheme in the UK for eligible employees, the AG1 Pension Scheme, and a defined contribution scheme for employees. The AG1 and AG2 defined benefit pension schemes were merged in 2012 to give the AG1 pension scheme. The schemes were closed to future accrual in the 2012 financial year.

Defined Benefit Scheme

Under the scheme, the employees are entitled to an annual pension at normal retirement age equal to between 1/60 and 1/90 of their final pensionable salary for each complete year of service (subject to a maximum of 40 years) as a member of the Scheme. Normal retirement age is 65 for most members although some benefits can be taken unreduced from age 60. The Scheme is funded by contributions from members and the Firm.

The most recent actuarial valuations of the schemes assets and the present value of the defined benefit obligation were carried out on 16 November 2015, by Mr S Shearsby, fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, the related current service costs and past service cost were measured using the projected unit credit method.

The return on plan assets is £13,078,000 (2016: £1,483,000 loss).

Principal Actuarial Assumptions:

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	AG1 2017 %	AG1 2016 %
Discount rate	2.5%	3.4%
Return on assets	n/a	n/a
Rate of increase in salaries	-	-
Rate of increase in pensions in payment:		
post-88 GMP pension	2.0%	1.8%
Post-5 April 1995 pension	3.2%	2.8%
pre April 1997 pension	-	-
post April 1997 pension	2.3%	1.9%
Rate of increase of pensions in deferment	2.3%	1.9%

The mortality table used is the 90% of SAPS S1PA table with medium cohort projections and a minimum rate of improvement of 1% per annum.

Mortality assumptions:

The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2017 years	2016 years
Retiring today:		
Males	22.8	22.7
Females	24.8	24.7
Retiring in 20 years:		
Males	24.1	24.1
Females	26.3	26.2

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

20. PENSIONS (continued)

The amounts recognised in the Group and LLP balance sheet are as follows:

	AG1 2017 £'000	AG1 2016 £'000
Present value of defined benefit obligations	(68,909)	(53,687)
Fair value of scheme assets	67,564	53,217
Net liability in the balance sheet	(1,345)	(470)

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

	AG1 2017 £'000	AG1 2016 £'000
Interest on obligation	1,770	1,996
Expected return on scheme assets	(1,774)	(1,774)
Total operating (credit) / debit	(4)	222

Interest on obligation and expected return on scheme assets are recognised within the net pension interest.

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

	AG1 2017 £'000	AG1 2016 £'000
Opening defined benefit obligation	53,687	59,221
Interest cost	1,770	1,996
Actuarial losses and (gains)	15,158	(6,526)
Benefits paid	(1,706)	(1,004)
Closing defined benefit obligation	68,909	53,687

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

	AG1 2017 £'000	AG1 2016 £'000
Opening fair value of scheme assets	53,217	51,420
Expected return on scheme assets	1,774	1,774
Actuarial gains and (losses)	13,078	(1,483)
Employer contributions	1,201	2,510
Benefits paid	(1,706)	(1,004)
Closing value of scheme assets	67,564	53,217

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

20. PENSIONS (continued)

The firm expects to contribute between £5,000 and £1,000,000 to its defined benefit pension scheme in 2018.

The major categories of scheme assets are as follows:

	AG1 2017 £'000	AG1 2016 £'000
Equities	50,366	39,993
Corporate bonds	14,689	9,301
Cash	327	1,817
Property	2,182	2,106

The costs of the defined contribution scheme recognised as an expense are disclosed in note 5.

21. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Operating profit	64,014	74,279
Adjustment for:		
Depreciation and amortisation	7,493	7,157
Profit on sale of tangible fixed assets	(15)	-
Operating cash flow before movement in working capital	71,492	81,436
(Increase)/decrease in debtors	(1,523)	(4,669)
(Decrease)/increase in creditors and provisions	(5,903)	389
Contributions to defined benefit pension scheme in excess of profit and loss charge	(1,201)	(2,510)
Cash generated by operations	62,865	74,646
Income taxes paid	(1,100)	(1,311)
Net cash from operating activities	61,765	73,335

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2017

22. CONTROLLING AND RELATED PARTY TRANSACTIONS

In the opinion of the partners there is no controlling party as defined by FRS 102 Section 33 "Related Party Disclosures".

The following amounts are (owed to)/due from related parties:

	Group		LLP	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Nasser Al Habsi & Saif Al Mamari Law Firm	1,819	1,209	(1,400)	647
Addleshaw Goddard (Hong Kong) LLP (formerly Francis & Co)	299	(50)	74	369
Addleshaw Goddard (Hong Kong) LLP No.OC378761	409	1,964	409	237
AG Service Asia Limited	1,058	-	1,059	-
	3,585	3,123	142	1,253

Other operating charges includes £1,131,000 (2016: £1,833,000) in respect of support payments to Nasser Al Habsi & Saif Al Mamari Law Firm £206,000 (2016: £1,010,000) and Addleshaw Goddard (Hong Kong) LLP (formerly Francis & Co) £925,000 (2016: £823,000).

The total remuneration for key management personnel comprise the Managing Partner, members of the firm's Executive Committee and the directors of AG Services Limited. The share of profit and remuneration awarded to these key management personnel for the year amounted to £3,103,000 (2016: £3,151,000).

23. CONTINGENT LIABILITIES

In the normal course of business the firm may receive claims for alleged negligence. The firm maintains substantial professional indemnity cover through the commercial insurance market. Where appropriate, an accrual is made for the costs arising from such claims net of the related insurance receivable. Claims notified are not expected to give rise to any material unprovided liability.

24. BUSINESS COMBINATION POST BALANCE SHEET DATE

On 1 June 2017, the LLP acquired the trade and assets of HBJ Gateley LLP. On this date, all trade and assets of HBJ were transferred to the LLP at fair value. No consideration was paid for this transaction. This transaction is a non-adjusting post year end event and so has no impact on the current year balance sheet.