Limited Liability Partnership Registration No. OC318149

ADDLESHAW GODDARD LLP

Annual Report and Financial Statements

For the year ended 30 April 2018

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2018

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OFFICERS AND PROFESSIONAL ADVISERS

DESIGNATED PARTNERS

John Joyce – Managing Partner
Charles Penney – Senior Partner
Adrian Collins (Resigned 13 February 2018)
Michael Leftley (Resigned 8 June 2018)
William Wastie
Paul Salsbury (Resigned 30 April 2018)
Michael Lowry
Justine Delroy (Appointed 1 May 2017)
Malcolm McPherson (Appointed 1 June 2017)
Jonathan Tattersall (Appointed 1 May 2018)

REGISTERED OFFICE

Milton Gate
60 Chiswell Street
London
EC1Y 4AG
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF
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 2018.

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 and its subsidiary undertakings 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 (Resigned 13 February 2018)
Michael Leftley (Resigned 8 June 2018)
William Wastie
Paul Salsbury (Resigned 30 April 2018)
Michael Lowry
Justine Delroy (Appointed 1 May 2017)
Malcolm McPherson (Appointed 1 June 2017)
Jonathan Tattersall (Appointed 1 May 2018)

BUSINESS REVIEW

The Group delivered significant year on year growth in income and profitability driven by strong activity levels across its core practices and the combination with HBJ Gateley LLP (note 14, effective 1 June 2017), adding new offices in Edinburgh, Glasgow and Aberdeen. The Group is now better placed to offer its clients wider geographical coverage as well as increased practice and sector bench strength.

The Group continues to invest in its domestic and international practices as well as client led solutions such as AG Intelligent Delivery in addition to operational and IT infrastructure. The short to medium term risks continue to centre upon the ongoing uncertainty in relation to the UK's exit from the EU and various other macro-economic and political challenges and the impact these could have on overall business confidence and therefore transactional activity but the firm's investment appetite remains strong.

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 profit share arrangement. 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 (note 1c).

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 27 July 2018 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the 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 firm 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 firm 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 firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF ADDLESHAW GODDARD LLP
Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 30 April 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements of Addleshaw Goddard LLP (the 'parent limited liability partnership' and its subsidiaries (the 'Group') which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in partners' interest;
- the consolidated cash flow statement;
- the statement of accounting policies; 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 PARTNERS OF ADDLESHAW GODDARD LLP

Other information

The partners 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 partners

As explained more fully in the partners' responsibilities statement, the partners 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 partners 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

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; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.

We have nothing to report in respect of these matters.

Heather Crosby

Heather Crosby BSc ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

Date 27 July 2018

GROUP PROFIT AND LOSS ACCOUNT
Year ended 30 April 2018

	Note	2018 £'000	2017 £'000
TURNOVER	3	232,502	188,246
Staff costs	5	(80,576)	(69,731)
Depreciation and amortisation	6	(8,323)	(7,493)
Other operating expenses		(63,984)	(52,643)
Other operating income	4	3,933	5,635
Total operating expenses (net)		(148,950)	(124,232)
OPERATING PROFIT		83,552	64,014
Finance costs (net)	7	(288)	(370)
PROFIT FOR THE FINANCIAL YEAR BEFORE TAXATION AND PARTNERS' REMUNERATION		83,264	63,644
Taxation	8	(1,149)	(953)
PROFIT FOR THE FINANCIAL YEAR BEFORE PARTNERS' REMUNERATION		82,115	62,691
Partners' remuneration charged as an expense		(39,156)	(32,545)
PROFIT FOR THE FINANCIAL YEAR AFTER PARTNERS' REMUNERATION		42,959	30,146
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DISTRIBUTION AMONGST PARTNERS		42,959	30,146

All results relate to continuing activities.

The notes on pages 15 to 39 form an integral part of the financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 April 2018

	Note	2018 £'000	2017 £'000
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DISTRIBUTION AMONGST PARTNERS		42,959	30,146
Actuarial gain/(loss) on defined benefit pension scheme	21	365	(2,080)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		43,324	28,066

The notes on pages 15 to 39 form an integral part of the financial statements.

GROUP BALANCE SHEET
As at 30 April 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Goodwill	11	757	-
Other intangible assets	11	2,139	4,157
Total intangible assets		2,896	4,157
Tangible assets	12	18,233	22,037
		21,129	26,194
CURRENT ASSETS			
Debtors	15	115,636	92,228
Cash at bank and in hand		32,612	21,876
		148,248	114,104
CREDITORS: amounts falling due within one year	16	(51,449)	(41,457)
NET CURRENT ASSETS		96,799	72,647
TOTAL ASSETS LESS CURRENT LIABILITIES		117,928	98,841
CREDITORS: amounts falling due after more than one year	17	-	(159)
Provisions for liabilities	19	(13,783)	(12,549)
NET ASSETS ATTRIBUTABLE TO PARTNERS EXCLUDING PENSION LIABILITIES		104,145	86,133
Retirement benefit liabilities	21	-	(1,345)
NET ASSETS ATTRIBUTABLE TO PARTNERS INCLUDING PENSION LIABILITIES		104,145	84,788
REPRESENTED BY:			
Loans and other debts due to partners			
Partners' capital classified as a liability		43,207	36,469
Other amounts		22,083	23,459
		65,290	59,928
Equity			
Partners' other interests – other reserves classified as equity		38,855	24,860
TOTAL PARTNERS' INTERESTS		104,145	84,788

The notes on pages 15 to 39 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 27 July 2018

Signed on behalf of the Board

John Joyce
Managing Partner

Charles Penney
Senior Partner

LLP BALANCE SHEET
As at 30 April 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Goodwill	11	757	-
Other intangible assets	11	2,139	4,157
Total intangible assets		2,896	4,157
Tangible assets	12	17,995	21,929
Investments	13	-	-
		20,891	26,086
CURRENT ASSETS			
Debtors	15	115,239	96,693
Cash at bank and in hand		31,813	21,050
		147,052	117,743
CREDITORS: amounts falling due within one year	16	(53,659)	(48,988)
NET CURRENT ASSETS		93,393	68,755
TOTAL ASSETS LESS CURRENT LIABILITIES		114,284	94,841
CREDITORS: amounts falling due after more than one year	17	-	(159)
Provisions for liabilities	19	(13,139)	(12,213)
NET ASSETS ATTRIBUTABLE TO PARTNERS EXCLUDING PENSION LIABILITIES		101,145	82,469
Retirement benefit liabilities	21	-	(1,345)
NET ASSETS ATTRIBUTABLE TO PARTNERS INCLUDING PENSION LIABILITIES		101,145	81,124
REPRESENTED BY:			
Loans and other debts due to partners			
Partners' capital classified as a liability		43,207	36,469
Other amounts		20,671	22,698
		63,878	59,167
Equity			
Partners' other interests – other reserves classified as equity		37,267	21,957
TOTAL PARTNERS' INTERESTS		101,145	81,124

The LLP profit for the financial year available for discretionary distribution amongst partners is £39,828,000 (2017 - £25,700,000).

The notes on pages 15 to 39 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 27 July 2018

Signed on behalf of the Board

John Joyce
Managing Partner

Charles Penney
Senior Partner

GROUP STATEMENT OF CHANGES IN PARTNERS' INTEREST
As at 30 April 2018

GROUP	EQUITY Other reserves £'000	DEBT Loans and other debts due to partners £'000	TOTAL Total partners' interests £'000
At 1 May 2016	**32,974**	**52,392**	**85,366**
Profit for the financial year available for discretionary distribution among partners	30,146	-	30,146
Pension scheme actuarial loss (note 21)	(2,080)	-	(2,080)
Total comprehensive income for the year	**28,066**	-	**28,066**
Other reserves allocated to partners	(35,047)	35,047	-
Partners' remuneration charged as an expense	-	32,545	32,545
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)
Capital introduced	-	5,032	5,032
Capital repaid	-	(3,292)	(3,292)
At 30 April 2017	**(36,180)**	**7,536**	**(28,644)**
At 1 May 2017	**24,860**	**59,928**	**84,788**
Profit for the financial year available for discretionary distribution among partners	42,959	-	42,959
Pension scheme actuarial gain (note 21)	365	-	365
Total comprehensive income for the year	**43,324**	-	**43,324**
Other reserves allocated to partners	(27,802)	27,802	-
Partners' remuneration charged as an expense		39,156	39,156
Distribution of prior year profits	-	(41,165)	(41,165)
Payments on account of current year profits	-	(38,756)	(38,756)
Transfer of amounts due to former partners	(1,527)	(1,393)	(2,920)
Capital introduced	-	8,637	8,637
Capital repaid	-	(506)	(506)
Members' interest introduced on acquisition (note 14)	-	11,587	11,587
	13,995	5,362	19,357
At 30 April 2018	**38,855**	**65,290**	**104,145**

Partners are required under the terms of the LLP Articles to provide capital. The level of partners' capital is determined from time to time with each partners' capital subscription linked to his or her profit share arrangement. The profit sharing arrangements 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.

LLP STATEMENT OF CHANGES IN PARTNERS' INTEREST
As at 30 April 2018

The notes on pages 15 to 39 form an integral part of these financial statements.

LLP

	EQUITY Other reserves £'000	DEBT Loans and other debts due to partners £'000	TOTAL Total partners' interests £'000
At 1 May 2016	**30,752**	**52,132**	**82,884**
Profit for the financial year available for discretionary distribution among partners	25,700	-	25,700
Pension scheme actuarial loss (note 21)	(2,080)	-	(2,080)
Total comprehensive income for the year	**23,620**	-	**23,620**
Other reserves allocated to partners	(31,282)	31,282	-
Partners' remuneration charged as an expense	-	32,508	32,508
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)
Capital introduced	-	5,032	5,032
Capital repaid	-	(3,292)	(3,292)
Dividend received from Group undertaking	-	3,392	3,392
At 30 April 2017	**(32,415)**	**7,035**	**(25,380)**
At 1 May 2017	**21,957**	**59,167**	**81,124**
Profit for the financial year available for discretionary distribution among partners	39,828	-	39,828
Pension scheme actuarial gain (note 21)	365	-	365
Total comprehensive income for the year	**40,193**	-	**40,193**
Other reserves allocated to partners	(23,356)	23,356	-
Partners' remuneration charged as an expense		39,161	39,161
Distribution of prior year profits	-	(41,196)	(41,196)
Payments on account of current year profits	-	(38,756)	(38,756)
Transfer of amounts due to former partners	(1,527)	(1,393)	(2,920)
Capital introduced	-	8,637	8,637
Capital repaid	-	(506)	(506)
Dividend received from Group under taking	-	3,821	3,821
Members' interest introduced on acquisition (note 14)	-	11,587	11,587
	15,310	4,711	20,021
At 30 April 2018	**37,267**	**63,878**	**101,145**

Partners are required under the terms of the LLP Articles to provide capital. The level of partners' capital is determined from time to time with each partners' capital subscription linked to his or her profit share arrangement. The profit sharing arrangements 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.

The notes on pages 15 to 39 form an integral part of these financial statements.

GROUP CASH FLOW STATEMENT
Year ended 30 April 2018

	Note	2018 £'000	2017 £'000
Net cash flows from operating activities	22	82,467	61,765
Cash flows from investing activities			
Purchase of tangible/intangible fixed assets		(1,695)	(6,639)
Proceeds from disposal of fixed assets		-	20
Interest received		52	32
Cash acquired in business combination	14	2,511	-
Net cash flows from investing activities		868	(6,587)
Cash flows from financing activities			
Repayments of obligations under finance lease		(490)	(358)
Interest paid		(319)	(431)
Payments to or on behalf of the members		(79,921)	(59,909)
Capital contributions by members		8,637	5,032
Capital repaid		(506)	(3,292)
Net cash flows from financing activities		(72,599)	(58,958)
Net increase/(decrease) in cash and cash equivalents		10,736	(3,780)
Cash and cash equivalents at beginning of year		21,876	25,656
Cash and cash equivalents at end of year		32,612	21,876
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		32,612	21,876
Cash equivalents		-	-
Cash and cash equivalents		32,612	21,876

The notes on pages 15 to 39 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 April 2018

1. ACCOUNTING POLICIES

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

a.) General information and basis of accounting

Addleshaw Goddard LLP is a limited liability partnership incorporated in England and 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 January 2017).

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 statement, key management personnel compensation 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.

d.) Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing an excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. Provision is made for any impairment.

e.) 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.

1. ACCOUNTING POLICIES (continued)

f.) 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.

g.) Impairment of assets

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

The recoverable amount of goodwill is derived from measurement of the present value of future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU and then to other assets with that CGU on a pro-rata basis.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying 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.

h.) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

1. ACCOUNTING POLICIES (continued)

h.) Financial instruments (continued)

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.

i.) 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.

j.) Investments

Investments are stated at cost less provision for impairment.

k.) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

1. ACCOUNTING POLICIES (continued)

l.) Taxation (continued)

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 years 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.) Other operating income

Other operating income includes rental income which 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.

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. Any change 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.

NOTES TO THE FINANCIAL STATEMENTS (continued).
Year ended 30 April 2018

1. ACCOUNTING POLICIES (continued)

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.

u.) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

v.) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of the exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus the cost directly attributable to the business.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the fair value of the identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised separately on the face of the consolidated balance sheet immediately below goodwill.

w.) Other operating expenses

Other operating expenses comprise the costs of occupying offices and regulatory and financial management costs.

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

In the application of the accounting policies that are described in note 1, the Board are required to make judgments (other than those involving estimations) that can have a significant impact on the amounts recognised and to make estimates and assumptions about 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.

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. Management do not believe that there are any material sources of estimate uncertainty.

In a number of areas, judgments have been made in the process of applying the Group's accounting policies, and each of these judgments is exposed to a variety of sources of estimation.

Bad debt

Management applies judgment in its evaluation of the recoverability of client debtors, disclosed in note 15, on an ongoing basis so as to determine whether a provision against bad debt is required. The amount of the bad debt provision is estimated as follow: 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 additionally applies judgment in the review of all clients to identify those which may be in financial difficulty and make an additional provision accordingly.

Work in progress

Management applies judgment in its review of the valuation of unbilled revenue, disclosed in note 15, to identify any significant areas of risk in relation to recoverability and makes any additional provision accordingly; additionally estimation is used to value statically the smaller balances in aggregate.

Investment carrying value

Management will use its judgment as to whether there have been indicators of impairment to an investment during the period. Should management judge this to be the case estimation is necessary in the use of forecasts regarding the profitability and the present value of future cash flows, to assess if there is any impairment of the overseas entities. No such impairment has been made during current or prior period.

Intercompany indebtedness and recovery

Management uses both judgments and estimates to review the three year outlook for each International office and their current trading trajectory to ensure that the loans outstanding, disclosed in note 15, 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.

Dilapidations

The Group provides for its legal responsibility for dilapidation costs, disclosed in note 19, following advice and estimates provided by chartered surveyors and previous experience of exit costs.

Professional indemnity insurance

Professional indemnity insurance premium 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; both judgment and estimation are required to determine the likely amount payable, disclosed in Accruals and deferred income, note 16.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

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

	2018 £'000	2017 £'000
Other income	3,933	5,635

Other income consists of rental income £3,760,000 (2017: £3,812,000) and other income £173,000 (2017: £1,823,000).

5. STAFF COSTS

Group	**2018** **No.**	**2017** **No.**
Average number of persons employed during the year (excluding partners) was:		
Fee earners	834	742
Support staff	535	460
	1,369	1,202

	2018 **£'000**	**2017** **£'000**
Staff costs incurred during the year in respect of employees were:		
Wages and salaries (excluding partners)	68,255	58,796
Social security costs	7,711	6,617
Pension costs (net)	4,610	4,318
Total staff costs	80,576	69,731

5. STAFF COSTS (continued)

LLP	**2018**	**2017**
	No.	**No.**
Average number of persons employed during the year (excluding partners) was:		
Fee earners	1	2
Support staff	-	-
	1	2
Staff costs incurred during the year in respect of employees were:		
Wages and salaries (excluding partners)	570	695
Total staff costs	570	695

6. OPERATING PROFIT

	2018	**2017**
	£'000	**£'000**
Operating profit is stated after charging (crediting):		
Depreciation of owned tangible fixed assets	5,657	4,561
Depreciation on assets acquired via finance lease	211	211
Amortisation of goodwill	170	-
Amortisation of intangible assets	2,285	2,721
Rentals under operating leases:		
- Land and buildings	14,994	14,632
- Other leases	47	280
Foreign exchange loss/(gain)	238	(689)
Loss/(profit) on disposal of fixed assets	44	(15)

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

	2018	**2017**
	£'000	**£'000**
Fees payable to the Group LLP's auditor and its associates for the audit of the Limited Liability Partnership's annual accounts	95	68
The audit of the financial statements of the Group LLP's subsidiaries	88	71
Total audit fees	**183**	**139**
Total non-audit fees	**96**	**136**

Non-audit fees in the current and prior year include taxation compliance services, other taxation advisory services, reporting under the SRA Accounts Rules and other advisory services.

7. NET INTEREST PAYABLE

	2018 £'000	2017 £'000
Bank interest payable on loans and overdrafts	298	302
Other interest payable and similar expenses	-	100
	298	402
Net pension interest	21	(4)
Bank interest receivable and other income	(31)	(28)
	(10)	(32)
Net interest payable	288	370

8. TAXATION

A tax charge arises in the year of £1,149,000 (2017 - £953,000).

The tax charge comprises:

	2018 £'000	2017 £'000
UK corporation tax	1,179	1,019
Adjustments in respect of prior years	(30)	(66)
Total current tax charge for the year	1,149	953

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 19.0%. The differences are explained below:

	2018 £'000	2017 £'000
Profit before tax	83,264	63,644
Tax at 19.0% (2017 – 19.9%) thereon	15,820	12,665
Effects of:		
Income not chargeable to corporation tax	(14,641)	(11,646)
Adjustments to tax charge in respect of previous periods	(30)	(66)
Current tax charge for the year	1,149	953

The Finance (No.2) Act 2015 included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017. The Finance Act 2016 included provisions to reduce the rate of corporation tax to 17% from 1 April 2020.

9. PARTNERS' SHARE OF PROFITS

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

	2018 No.	2017 No.
Average number of partners	216	171

The highest remuneration of a partner for the year which was allocated since the year end, excluding retirement provisions, was £1,112,188 (2017 - £776,160).

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. The profit attributable to the LLP is disclosed in the footnote to the LLP's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

11. INTANGIBLE FIXED ASSETS

Group

	Goodwill	Office and computer software	Total
	£'000	£'000	£'000
Cost			
At 1 May 2017	-	15,565	15,565
Additions	927	157	1,084
Additions - Fair value on acquisition (note 14)	-	110	110
At 30 April 2018	927	15,832	16,759
Accumulated amortisation			
At 1 May 2017		11,408	11,408
Charge for the year	170	2,285	2,455
At 30 April 2018	170	13,693	13,863
Net book value			
At 30 April 2018	757	2,139	2,896
At 30 April 2017	-	4,157	4,157

Goodwill arising on business combination (note 14)

LLP

	Goodwill	Office and computer software	Total
	£'000	£'000	£'000
Cost			
At 1 May 2017	-	15,565	15,565
Additions	927	157	1,084
Additions - Fair value on acquisition (note 14)	-	110	110
At 30 April 2018	927	15,832	16,759
Accumulated amortisation			
At 1 May 2017		11,408	11,408
Charge for the year	170	2,285	2,455
At 30 April 2018	170	13,693	13,863
Net book value			
At 30 April 2018	757	2,139	2,896
At 30 April 2017	-	4,157	4,157

Goodwill arising on business combination (note 14)

12. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 May 2017	46,199	5,184	11,379	62,762
Additions	925	-	610	1,535
Additions - Fair value on acquisition (note 14)	291	121	161	573
Disposals	-	-	(161)	(161)
At 30 April 2018	47,415	5,305	11,989	64,709
Accumulated depreciation				
At 1 May 2017	28,211	4,560	7,954	40,725
Charge for the year	4,122	183	1,563	5,868
Disposals			(117)	(117)
At 30 April 2018	32,333	4,743	9,400	46,476
Net book value				
At 30 April 2018	15,082	562	2,589	18,233
At 30 April 2017	17,988	624	3,425	22,037

Tangible fixed assets held under a finance lease, included above in office and computer equipment, amount to £88,004 (2017: £299,215).

12. TANGIBLE FIXED ASSETS (continued)

LLP	**Leasehold improvements £'000**	**Fixtures and fittings £'000**	**Office and computer equipment £'000**	**Total £'000**
Cost				
At 1 May 2017	45,262	5,079	11,345	61,686
Additions	693	-	535	1,228
Additions - Fair value on acquisition (note 14)	291	121	161	573
Disposals	-	-	(161)	(161)
At 30 April 2018	46,246	5,200	11,880	63,326
Accumulated depreciation				
At 1 May 2017	27,329	4,508	7,920	39,757
Charge for the year	4,007	169	1,514	5,690
Disposals	-	-	(116)	(116)
At 30 April 2018	31,336	4,677	9,318	45,331
Net book value				
At 30 April 2018	14,910	523	2,562	17,995
At 30 April 2017	17,933	571	3,425	21,929

Tangible fixed assets held under a finance lease, included above in office and computer equipment, amount to £88,004 (2017: £299,215).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

13. INVESTMENTS

At 30 April 2018, Addleshaw Goddard LLP had investments in the following entities. 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	Reporting date
A.G. Registrars Limited[1]	England & Wales	Dormant	100%	30 April
Addleshaw Booth & Co Limited[1]	England & Wales	Dormant	100%	30 April
Addleshaw Goddard Nominees Limited[1]	England & Wales	Dormant	100%	30 April
Addleshaw Goddard Trustees Limited[1]	England & Wales	Dormant	100%	30 April
Addleshaws Limited[1]	England & Wales	Dormant	100%	30 April
Inhoco Formations Limited[1]	England & Wales	Dormant	100%	30 April
Sovereign Trustees Limited[3]	England & Wales	Trustee for various pension schemes	100%	30 April
Theodore Goddard Limited[1]	England & Wales	Dormant	100%	30 April
AG Service Company Limited[1]	England & Wales	Provision of employee services	100%	30 April
Private Capital Trustees Limited[2]	England & Wales	Provision of trustee services	100%	30 April
Addleshaw Goddard (GCC) LLP[4]	Qatar	Provision of legal services	100%	30 April
AG Services Asia Limited[5]	Hong Kong	Provision of legal services	100%	30 April
Addleshaw Goddard (Middle East) LLP[6]	Dubai	Provision of legal services	100%	30 April
Addleshaw Goddard (Muscat) LLC[7] *	Sultanate of Oman	Provision of legal services	40%	30 April
Addleshaw Goddard (Scotland) LLP[8]	Scotland	Provision of legal services	100%	31 May
Addleshaw Goddard (Scotland) Services Limited[8]	Scotland	Dormant	100%	31 March
Addleshaw Goddard (Scotland) Trustees Limited[8]	Scotland	Dormant	100%	30 September
Addleshaw Goddard (Scotland) Trustees No.2 Limited[8]	Scotland	Dormant	100%	31 March
Addleshaw Goddard (Scotland) Trustees No.3 Limited[8]	Scotland	Dormant	100%	31 January
Addleshaw Goddard (Scotland) Trustees No.4 Limited[8]	Scotland	Dormant	100%	31 March
Addleshaw Goddard (Scotland) Secretarial Limited[8]	Scotland	Dormant	100%	31 March
HBJ LLP[8]	Scotland	Dormant	100%	31 August

* 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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

13. INVESTMENTS (continued)

[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
[8] Exchange Tower, 19 Canning Street, Edinburgh, Midlothian, Scotland, EH3 8EH

At 30 April 2018, 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**	**Reporting date**
A B & C Limited	England & Wales	Dormant	100%	31 October
A B & C Secretarial Limited	England & Wales	Dormant	100%	28 February
A G Secretarial Limited	England & Wales	Dormant	100%	30 April
Addleshaw Booth & Co Service Company	England & Wales	Dormant	100%	
Addleshaw Booth & Co Training Limited	England & Wales	Dormant	100%	31 July
Addleshaw Goddard Limited	England & Wales	Dormant	100%	28 February
Addleshaw Goddard Secretarial Limited	England & Wales	Dormant	100%	28 February
Addleshaw Goddard Service Company Limited	England & Wales	Dormant	100%	28 February
Addleshaw Goddard Services Limited	England & Wales	Dormant	100%	28 February
Addleshaw Goddard Training Limited	England & Wales	Dormant	100%	28 February
Enabl Limited	England & Wales	Dormant	100%	31 July
European Private Equity Limited	England & Wales	Dormant	100%	31 March
Inhoco 3089 Limited	England & Wales	Dormant	100%	31 May
Inhoco Limited	England & Wales	Dormant	100%	31 December
Addleshaw Goddard (Qatar) LLP	England & Wales	Dormant	100%	30 April

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

LLP only

	Shares in subsidiary undertakings £
Cost	
At 1 May 2017 and at 30 April 2018	35

All subsidiary undertakings have been included in the consolidation.

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 Partnership Number: OC381841

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

14. BUSINESS COMBINATION

On 1 June 2017, the members of HBJ Gateley LLP became members of Addleshaw Goddard LLP and the LLP became a member of HBJ Gateley LLP.

On this date, all trade and assets of HBJ Gateley LLP were transferred to the LLP at fair value. From this date the profit and income has been consolidated in the LLP. No consideration was paid for this transaction.

The business combination has been accounted for under the purchase method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Revaluation £'000	Fair values to the Group £'000
Fixed Assets			
Intangible	110	-	110
Tangible	573	-	573
	683	-	683
Current Assets			
Debtors	9,929	-	9,929
Cash	2,511	-	2,511
Total assets	**13,123**	-	**13,123**
Liabilities			
Loans and overdrafts	(333)	-	(333)
Trade creditors	(568)	-	(568)
Accruals and deferred income	(423)	-	(423)
Other creditors	(172)	(927)	(1,099)
Provisions	(40)	-	(40)
Total liabilities	**(1,536)**	(927)	**(2,463)**
Net assets	**11,587**	(927)	**10,660**
Goodwill		927	927
Purchase consideration – members' balances granted in Addleshaw Goddard LLP			11,587
Cash outflow on acquisition			-

The useful economic life of Goodwill has been estimated to be 5 years.

15. DEBTORS

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Amounts falling due within one year:				
Client debtors	66,459	53,459	63,777	51,669
Unbilled revenue	26,299	18,734	25,519	17,777
Amounts due from Group undertakings	-	-	15,217	13,238
Amounts due from related parties	8,927	7,002	1,033	3,797
Other debtors	2,611	2,570	1,774	2,028
Prepayments and accrued income	11,340	10,463	7,919	8,184
	115,636	92,228	115,239	96,693

All amounts are due within one year. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Obligations under finance leases	128	383	128	383
Trade creditors	12,116	9,784	9,862	8,407
Amounts due to Group undertakings	-	-	20,730	18,220
Amounts due to related parties	5,161	3,417	1,130	3,654
Other creditors including taxation and social security	9,967	8,307	8,204	6,978
Corporation tax	296	178	-	-
Accruals and deferred income	20,861	16,368	10,685	8,326
Amounts due to former partners	2,920	3,020	2,920	3,020
	51,449	41,547	53,659	48,988

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

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Obligations under finance leases	-	159	-	159

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Borrowings are repayable as follows:

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Within one year	128	383	128	383
Between two and five years	-	159	-	159
	128	542	128	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 (2017 - £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 (2017: 1.8%).

18. FINANCIAL INSTRUMENTS

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

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Financial assets				
Measured at undiscounted amounts receivable:				
Client debtors	66,459	53,459	63,777	51,669
Unbilled revenue	26,299	18,734	25,519	17,777
Amounts due from Group undertakings	-	-	15,217	13,238
Amounts due from related parties	8,927	7,002	1,033	3,797
Other debtors	2,611	2,570	1,774	2,028
Prepayments and accrued income	11,340	10,463	7,919	8,184
	115,636	92,228	115,239	96,693

18. FINANCIAL INSTRUMENTS (continued)

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Financial liabilities				
Measured at amortised cost:				
- Obligations under finance leases	128	542	128	542
Measured at undiscounted amounts payable				
Trade creditors	12,116	9,784	9,862	8,407
Amounts due to Group undertakings	-	-	20,730	18,220
Amounts due to related parties	5,161	3,417	1,130	3,654
Other creditors including taxation and social security	9,967	8,307	8,204	6,978
Corporation tax	296	178	-	-
Accruals and deferred income	20,861	16,368	10,685	8,326
Amounts due to former partners	2,920	3,020	2,920	3,020
	51,449	41,616	53,659	49,147

19. PROVISIONS FOR LIABILITIES

Group	Provision for end of service benefits £'000	Operating lease incentives £'000	Provision for dilapidations £'000	Total £'000
At 1 May 2017	341	8,561	3,647	12,549
Provision - Acquired on business combination (note 14)	-	-	40	40
Created during the year	169	173	1,467	1,809
Utilised during the year	(147)	(413)	(28)	(588)
Released during the year	-	-	(27)	(27)
At 30 April 2018	363	8,321	5,099	13,783

The operating lease incentives and provision for dilapidations relate to leased buildings. The incentives and provision coincide with the expiry of the respective leases in between 6 and 19 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

19. PROVISIONS FOR LIABILITIES (continued)

LLP	Operating lease incentives £'000	Provision for dilapidations £'000	Total £'000
At 1 May 2017	8,567	3,646	12,213
Provision - Acquired on business combination (note 14)	-	40	40
Created during the year	174	1,186	1,360
Utilised during the year	(419)	(28)	(447)
Released during the year	-	(27)	(27)
At 30 April 2018	8,322	4,817	13,139

The operating lease incentives and provision for dilapidations relate to leased buildings. The incentives and provision coincide with the expiry of the respective leases in between 6 and 19 years.

20. OBLIGATIONS UNDER OPERATING LEASES

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

	Group 2018 £'000	Group 2017 £'000	LLP 2018 £'000	LLP 2017 £'000
Land and Buildings				
Leases which expire:				
Within one year	15,483	14,222	14,652	14,083
Between two and five years	57,922	55,363	57,912	42,026
After five years	49,182	60,588	49,182	33,579
	122,587	130,173	121,746	89,688

21. 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 and the related current service costs and past service cost were measured using the projected unit credit method.

The return on plan assets is a loss of £1,126,000 (2017: gain of £13,078,000).

Principal Actuarial Assumptions:

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

	AG1 2018 %	AG1 2017 %
Discount rate	2.6%	2.5%
Return on assets	n/a	n/a
Rate of increase in salaries	-	-
Rate of increase in pensions in payment:		
Post 88 GMP pension	1.9%	2.0%
Post 5 April 1995 pension	3.1%	3.2%
pre April 1997 pension	-	-
post April 1997 pension	2.2%	2.3%
Rate of increase of pensions in deferment	2.1%	2.3%

The mortality table used is the 90% of SAPS S2PA table with CMI 2015 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	
	2018 years	2017 years
Retiring today:		
Males	22.8	22.8
Females	24.9	24.8
Retiring in 20 years:		
Males	24.2	24.1
Females	26.4	26.3

21. PENSIONS (continued)

The amount included in the actuarial remeasurement of the net defined benefit liability shown in other comprehensive income is as follows:

	AG1 2018 £'000	AG1 2017 £'000
Return on scheme assets	(1,127)	13,078
Change in scheme liabilities	3,616	(15,158)
Limit on recognition of surplus	(2,124)	-
Net actuarial gains / (losses) shown in other comprehensive income	365	(2,080)

The amount included in the balance sheet arising from the LLP's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	AG1 2018 £'000	AG1 2017 £'000
Present value of defined benefit obligations	(64,711)	(68,909)
Fair value of scheme assets	66,835	67,564
Surplus/(deficit) in plan	2,124	(1,345)
Unrecognised surplus	(2,124)	-
Net liability recognised in the balance sheet	-	(1,345)

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

	AG1 2018 £'000	AG1 2017 £'000
Interest on obligation	1,694	1,770
Expected return on scheme assets	(1,673)	(1,774)
Total operating debit / (credit)	21	(4)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

21. PENSIONS (continued)

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 2018 £'000	AG1 2017 £'000
Opening defined benefit obligation	68,909	53,687
Interest cost	1,694	1,770
Actuarial (gains) and losses	(3,616)	15,158
Benefits paid	(2,276)	(1,706)
Closing defined benefit obligation	64,711	68,909

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

	AG1 2018 £'000	AG1 2017 £'000
Opening fair value of scheme assets	67,564	53,217
Expected return on scheme assets	1,673	1,774
Actuarial (losses) and gains	(1,126)	13,078
Employer contributions	1,000	1,201
Benefits paid	(2,276)	(1,706)
Closing value of scheme assets	66,835	67,564

The firm expects to contribute between £50,000 and £1,000,000 to its defined benefit pension scheme in 2019.

The major categories of scheme assets are as follows:

	AG1 2018 £'000	AG1 2017 £'000
Equities	9,656	29,380
Diversified growth	16,809	19,462
Alternatives	12,608	-
LDI	18,291	14,580
Property	2,333	2,138
Cash	5,339	327
DC assets	1,799	1,677
Closing value of scheme assets	66,835	67,564

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

22. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Operating profit	83,552	64,014
Adjustment for:		
Depreciation and amortisation	8,325	7,493
Profit / (loss) on sale of tangible fixed assets	44	(15)
Operating cash flow before movement in working capital	91,921	71,492
Increase in debtors	(13,479)	(1,523)
Increase / (decrease) in creditors and provisions	6,056	(5,903)
Contributions to defined benefit pension scheme in excess of profit and loss charge	(1,000)	(1,201)
Cash generated by operations	83,498	62,865
Income taxes paid	(1,031)	(1,100)
Net cash from operating activities	82,467	61,765

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 April 2018

23. 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	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Nasser Al Habsi & Saif Al Mamari Law Firm	1,761	1,819	12	(1,400)
Addleshaw Goddard (Hong Kong) LLP (formerly Francis & Co)	1,385	299	(166)	74
Addleshaw Goddard (Hong Kong) LLP No.OC378761	620	409	57	409
AG Service Asia Limited*	-	1,058	-	1,059
	3,766	3,585	(97)	142

*AG Service Asia Limited has been consolidated into the Group results for the financial year ended 2018.

Other operating charges includes £1,787,000 (2017: £1,131,000) in respect of support payments to Nasser Al Habsi & Saif Al Mamari Law Firm £324,000 (2017: £206,000) and Addleshaw Goddard (Hong Kong) LLP (formerly Francis & Co) £1,463,000 (2017: £925,000).

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 £3,086,346 (2017: £3,103,000).

24. 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.