

Registered Number: OC319841

PricewaterhouseCoopers Legal LLP
Members' report and financial statements
for the year ended 30 June 2017

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PricewaterhouseCoopers Legal LLP

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PricewaterhouseCoopers Legal LLP

Members' report for the year ended 30 June 2017

The members present their report and the audited financial statements of PricewaterhouseCoopers Legal LLP ('the LLP') for the financial year ended 30 June 2017.

Principal activities and business review

Until 1 October 2016, the principal activity of the LLP was the provision of legal services, during which time the LLP was regulated by the Solicitors Regulation Authority.

On 1 October 2016, the LLP's parent undertaking, PricewaterhouseCoopers LLP, was granted a multi-disciplinary practice licence by the Solicitors Regulation Authority. On this date, the business of the LLP merged with PricewaterhouseCoopers LLP and the LLP's investments in all subsidiary companies were transferred to PricewaterhouseCoopers LLP. The LLP has retained its membership of PricewaterhouseCoopers Legal Middle East LLP, which continues to trade.

From 1 October 2016, the principal activity of the LLP is to act as a member of PricewaterhouseCoopers Legal Middle East LLP, a limited liability partnership registered in the United Kingdom.

The LLP made a profit after taxation and provision for member annuities of £1,836,000 for the financial year (2016: £12,435,000), of which £85,000 was in respect of continuing operations (2016: £412,000) and £1,751,000 in respect of discontinued operations (2016: £12,023,000). The LLP's net asset position at 30 June 2017 was £3,003,000 (2016: £13,404,000).

The results for the prior financial year have been restated to present discontinued operations in line with the requirements of IFRS 5. See note 15 for further details.

The members consider that the LLP's position at the end of the year is adequate.

Until 1 October 2016, the principal risks and uncertainties that the LLP faced related to the provision of services to its clients. From 1 October 2016, the principal risks and uncertainties that the LLP faces relate to the recoverability of amounts due and the ability to meet its financial obligations when they fall due. The members take responsibility for maintaining systems of internal control to manage and mitigate these risks. Financial risk management disclosures are given in note 14.

Until 1 October 2016, the LLP's key performance indicators were revenue and profit as disclosed in the statement of comprehensive income. From 1 October 2016, the LLP's key performance indicator is net assets as disclosed in the statement of financial position.

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the LLP during the financial year and up to the date of signing the financial statements were PricewaterhouseCoopers LLP and SA Brookes.

On 1 October 2016, RJ Edmundson and LD Flavell resigned as designated members.

PricewaterhouseCoopers Legal LLP

Members' report continued

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 'Regulations'), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law, as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and 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 applied to limited liability partnerships by the Regulations.

The members are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each member at the date the members' report is approved:

- so far as the member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Approved by the members and signed on their behalf on 16 March 2018.



SA Brookes
Designated member

PricewaterhouseCoopers Legal LLP

Independent auditor's report to the members of PricewaterhouseCoopers Legal LLP

Opinion

We have audited the financial statements of PricewaterhouseCoopers Legal LLP (the 'LLP') for the year ended 30 June 2017 which comprise the statement of comprehensive income, statement of financial position, statements of changes in members' equity, statement of cash flows, and the related notes numbered 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 30 June 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements 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.

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as 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 LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the 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 LLP'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.

Other information

The members are responsible for the other information. The other information comprises the information included in the members' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 this regard.

PricewaterhouseCoopers Legal LLP

Independent auditor's report continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to LLPs requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the members for the financial statements

As explained more fully in the statement of members' responsibilities set out on page 2, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP'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 LLP 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 as to 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.



Richard Baker (Senior Statutory Auditor)

For and on behalf of

Crowe Clark Whitehill LLP

Chartered Accountants and Statutory Auditors

London

16 March 2018

PricewaterhouseCoopers Legal LLP

Statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £'000	Restated 2016 £'000
Other operating income	3	85	412
Profit for the financial year from continuing operations		85	412
Profit for the financial year from discontinued operations	15	1,751	12,023
Profit for the financial year available for division among members		1,836	12,435

PricewaterhouseCoopers Legal LLP

Statements of financial position as at 30 June 2017

	Note	2017 £'000	2016 £'000
Current assets			
Trade and other receivables	7	4,003	23,232
Cash and cash equivalents	8	–	7,595
Total assets		4,003	30,827
Current liabilities			
Trade and other payables	9	–	(8,096)
		–	(8,096)
Non-current liabilities			
Provisions	10	–	(5,080)
Members' capital	11	(1,000)	(4,247)
		(1,000)	(9,327)
Total liabilities		(1,000)	(17,423)
Net assets		3,003	13,404
Equity			
Members' reserves	12	3,003	13,404
Total equity		3,003	13,404
Members' interests			
Members' capital	12	1,000	4,247
Members' reserves	12	3,003	13,404
Provision for member annuities	12	–	3,908
Total members' interests		4,003	21,559

The financial statements on pages 5 to 20 were authorised for issue and signed on 16 March 2018 on behalf of the members of PricewaterhouseCoopers Legal LLP, registered number OC319841, by:


 SA Brooks
 Designated member

PricewaterhouseCoopers Legal LLP

Statements of changes in members' equity for the year ended 30 June 2017

	Members' reserves £'000
Balance at beginning of prior year (note 12)	11,817
Profit for the financial year	12,435
Allocated profit in financial year	(10,848)
Balance at end of prior year (note 12)	13,404
Profit for the financial year	1,836
Allocated profit in financial year	(12,237)
Balance at end of year (note 12)	3,003

PricewaterhouseCoopers Legal LLP

Statements of cash flows for the year ended 30 June 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit for the financial year	1,836	12,435
Adjustments for:		
Finance income	(4)	(13)
Finance expense	29	131
Changes in working capital:		
Decrease (increase) in trade and other receivables	19,229	(5,364)
Decrease in trade and other payables	(8,096)	(2,617)
(Decrease) increase in provisions	(5,109)	934
Net cash inflow from operating activities	7,885	5,506
Cash flows from investing activities		
Interest received	4	13
Net cash inflow from investing activities	4	13
Cash flows from financing activities		
Payments to members	(12,237)	(10,848)
Interest paid	—	(1)
Capital contributions by members	230	528
Capital repayments to members	(3,477)	(204)
Net cash outflow from financing activities	(15,484)	(10,525)
Net movement in cash and cash equivalents in the year	(7,595)	(5,006)
Cash and cash equivalents at beginning of year	7,595	12,601
Cash and cash equivalents at end of year (note 8)	—	7,595

PricewaterhouseCoopers Legal LLP

Notes to the financial statements for the year ended 30 June 2017

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretation Committee ('IFRS IC') interpretations, as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to limited liability partnerships (LLPs) reporting under IFRS.

The financial statements contain information about PricewaterhouseCoopers Legal LLP ('the LLP') as an individual LLP, and do not contain consolidated financial information as the parent undertaking of a group. As a LLP included in the European Economic Area ('EEA') financial statements of a larger group, under Section 400 of the Companies Act 2006, as applied to LLPs, the LLP is exempt from the requirement to prepare group financial statements as it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA state.

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in these accounting policies.

Restatement of prior year reported results

The results for the prior financial year results have been restated to present discontinued operations in line with the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'. See note 15 for further details.

New standards and interpretations adopted in the year

During the financial year, the LLP adopted amendments to IFRS 5 'Non-current assets held for sale and discontinued operations', IFRS 11 'Joint arrangements', IAS 1 'Presentation of financial statements', IAS 16 'Property, plant and equipment', IAS 19 'Employee benefits', IAS 27 'Separate financial statements' and IAS 38 'Intangible assets'. These changes have not had a significant impact on the financial statements.

New standards and interpretations not yet adopted

The following IFRS standards and IFRS IC interpretations issued by the IASB have not been early adopted and are not expected to have a material impact on the LLP's results:

- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39. The standard requires the implementation of the expected loss model for impairment and requires all investments, other than investments in subsidiaries, associates and joint ventures, to be measured at fair value. IFRS 9 will become effective for the accounting period to June 2019.
- IFRS 15 'Revenue from contracts with customers' addresses the recognition and measurement of revenue and replaces IAS 18 'Revenue' and IAS 11 'Construction contracts'. IFRS 15 requires revenue to be recognised only to the extent that it is highly probable that the revenue will not be subsequently reversed. IFRS 15 will become effective for the accounting period to June 2019.
- IFRS 16 'Leases' replaces IAS 17 and addresses the definition, recognition and measurement of leases. The key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet as a right-of-use asset and a lease liability based on discounted future lease payments. The asset will be depreciated over its useful economic life while the lease payment will be apportioned between a capital repayment of the lease liability and a finance charge. IFRS 16 will become effective for the accounting period to June 2020.
- IFRS 17 'Insurance contracts', IFRIC 22 'Foreign currency transactions and advance consideration' and IFRIC 23 'Uncertainty over income tax treatments' become effective for the accounting periods to June 2022, June 2019 and June 2020 respectively, subject to EU endorsement.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

1 Accounting policies continued

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities.

The estimates and judgements are continually evaluated and are based on historical experience and other factors, including market data and expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates, and adjustments could be required in future periods. Where appropriate, present values are calculated using discount rates reflecting the currency and maturity of the items being valued.

The principal estimates and judgements that could have a significant effect upon the LLP's financial results relate to assessing the recoverability of receivables (note 7).

Further details of significant estimates and judgements are set out in the related notes to the financial statements.

Revenue

Revenue represents amounts recoverable from clients for professional services provided during the financial year. Revenue is measured at the fair value of consideration received or receivable on each client assignment, including expenses and disbursements but excluding discounts and Value Added Tax. Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow.

Fixed fee assignments are recognised over a period of time by reference to the stage of completion of the actual services provided at the reporting date, as a proportion of the total services to be provided.

Success or performance fee assignments are recognised when the right to consideration arises on the legal and commercial completion of the engagement or when the performance-related elements have been met and the LLP becomes entitled to the revenue.

Contingent fee assignments, over and above any agreed minimum fee, are recognised when the contingent event occurs.

Time and materials assignments are recognised as services are provided at the fee rate agreed with the client.

Unbilled revenue on individual client assignments is included as unbilled amounts for client work within trade and other receivables. Where individual on-account billings exceed revenue on client assignments, the excess is classified as progress billings for client work within trade and other payables.

Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Non-current provisions are measured at their present value. The discount rates used are based on the yield on high quality corporate bonds, adjusted for risk.

Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is considered less than probable or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements, but are disclosed unless they are remote.

Provisions for member annuities

The provision for member annuities reflects the present value of the obligations arising from service to date. Any changes in the provision for these annuities arising from changes in entitlements, financial estimates or actuarial assumptions are recognised in the statement of comprehensive income as 'Provision for member annuities for current and retired members'. The unwinding of the discount is presented in the statement of comprehensive income as a finance expense. Where the entitled individuals retire and their annuities come into payment, these payments are shown as a movement against the provision and the provision is reclassified to 'Retired member annuities'.

The assumptions set out in note 10 are based on the best estimates available.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

1 Accounting policies continued

Allocation of profits and drawings

During the financial year, the level of interim profit allocations and members' monthly drawings are set after considering the working capital needs of the LLP. The final allocation of profits and distribution to members is made after assessing each member's contribution for the financial year and after the annual financial statements are approved. Unallocated profits are included in reserves within members' equity. To the extent that interim profit allocations exceed drawings, the excess profit is included in the statement of financial position under trade and other payables. Where drawings exceed the allocated profits, the excess is included in trade and other receivables. The same treatment is used for members who retire during the financial year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the rates of exchange at the reporting date and the gains and losses on translation are included in the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are measured at cost less impairment. The cost of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the LLP, including those from any contingent consideration arrangement. Acquisition related costs are charged to the statement of comprehensive income as incurred.

Financial instruments

Financial instruments are initially measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the statement of cash flows, cash and cash equivalents include cash at bank and in hand and bank overdrafts.

Trade and other receivables are initially measured at fair value and held at amortised cost less provisions for impairment. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trends.

Trade and other payables are initially measured at fair value and held at amortised cost.

Members' capital, which is measured at fair value, is classified as a financial liability. Members' capital is repayable on members' retirement.

Tax expense

Income tax payable on the profits of the LLP is solely the personal liability of the individual members of the LLP and consequently is not dealt with in these financial statements.

2 Employee information

There were no employees in the LLP in the current or prior financial year.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

3 Other operating (income) charges

Continuing operations

Other operating income comprises foreign exchange gains on the retranslation of amounts due from subsidiary undertakings which are denominated in US dollars.

Discontinued operations

As set out in note 15, other operating charges from discontinued operations include the following:

	2017 £'000	2016 £'000
Rental charges from parent undertaking	981	3,923

Other operating charges also include people related costs, such as recruitment and training, and overheads including operating lease rentals, other property costs, IT and marketing.

Auditor's remuneration payable to Crowe Clark Whitehill LLP in respect of audit fees for the financial year ended 30 June 2017 was £6,000 (2016: £28,000). There were no fees payable for other services in the financial year (2016: £25,500 related to regulatory requirements).

4 Finance income and expense

	2017 £'000	2016 £'000
Finance income		
Bank interest receivable	4	13
Finance expense		
Unwinding of discount on provisions (note 10)	(29)	(130)
Interest payable to group undertaking	—	(1)
	(29)	(131)
Net finance expense	(25)	(118)

All current and prior year finance income and expense arose from discontinued operations. See note 15.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

5 Members' profit shares

The basis on which profits are shared among members is set out in note 1.

All members of the LLP represent key management personnel for the purposes of these financial statements.

The average monthly number of members during the financial year was:

	2017 Number	2016 Number
UK members	5	13
Members on secondment overseas	1	1
	6	14

On 1 October 2016, the business of the LLP merged with PricewaterhouseCoopers LLP and all the members of the LLP resigned, except for those designated members listed on page 1. The average monthly number of UK members for the period to 1 October 2016 was 15 and members on secondment overseas was 2.

Excluding members on secondment overseas, the average profit per member based on these financial statements was £367,000 (2016: £957,000), calculated by dividing the total profit available for division among members by the average number of UK members for the financial year. For the period to 1 October 2016, the average profit per member based on these financial statements was £122,000.

The final allocation and distribution of profit to individual members is made after the financial statements have been approved. Based on the profits shown in these financial statements, the estimated profit attributable to the individual member with the largest entitlement to profit is £358,000 (2016 actual and estimate: £1,961,000).

Each member's actual distributable profit is calculated after deducting their personal obligations to make annuity payments to certain former members and after equity adjustments. Distributable profit shares are presented on a before tax basis as this is considered a more relevant measure of the LLP's profitability. Tax comprises members' personal tax and National Insurance contributions, payable on current year distributable profits.

The actual average distributable profit per individual member for the financial year was £465,000 (2016: £640,000). For the period to 1 October 2016, the average distributable profit per individual member was £133,000. The estimated distributable profit attributable to the individual member with the largest entitlement to profit is £363,000 (2016 actual and estimate: £1,493,000).

6 Investments in subsidiary undertakings

	2017 £	2016 £
At beginning of financial year	3	3
Disposals	(3)	—
At end of financial year	—	3

On 1 October 2016, the LLP disposed of its 100% investments in PricewaterhouseCoopers Legal (Resources) Limited, PwC Legal (UAE) Limited, Petershill Secretaries Limited and Sunbury Secretaries Limited to its parent undertaking.

The LLP continues to hold its controlling interest in PricewaterhouseCoopers Legal Middle East LLP, which is incorporated in England and Wales.

	Legal form	Principal place of business
Registered office: 1 Embankment Place, London, WC2N 6DX		
PricewaterhouseCoopers Legal Middle East LLP	Limited liability partnership	Rd No. 2811, Seef, Bahrain

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

7 Trade and other receivables

	2017 £'000	2016 £'000
Client receivables	–	7,215
Due from PwC network firms	–	590
Trade receivables	–	7,805
Amounts due from fellow subsidiary undertakings	–	543
Amounts due from subsidiary undertakings	4,003	3,918
Other receivables including taxation	–	1,293
Prepayments	–	239
Unbilled amounts for client work	–	9,434
	4,003	23,232

Trade receivables were primarily denominated in sterling.

The book value of trade and other receivables is consistent with fair value in the current and prior financial year.

The other classes of assets within trade and other receivables are denominated in US dollars (2016: primarily denominated in sterling) and do not contain impaired assets.

The ageing and credit risk relating to trade receivables is analysed as follows:

	2017 £'000	2016 £'000
30 days or less, fully performing	–	4,930
31 to 180 days, past due and fully performing	–	2,781
More than 180 days, past due and impaired	–	355
Impairment provision	–	(261)
	–	7,805

Movements in the impairment provision on trade receivables were as follows:

	2017 £'000	2016 £'000
Balance at beginning of year	(261)	(296)
Charged to the income statement	(73)	(183)
Released unused during the financial year	–	–
Utilised during the financial year	41	218
Transferred to parent undertaking	293	–
Balance at end of year	–	(261)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The LLP does not hold any collateral as security.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

8 Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	–	7,595

Cash and cash equivalents included cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Fair values of cash and cash equivalents approximated to carrying value owing to the short maturity of these instruments.

At 30 June 2016, cash and cash equivalent balances were primarily denominated in sterling, with £703,000 being denominated in US dollars/US dollar linked currencies and £179,000 being denominated in euros.

9 Trade and other payables

	2017 £'000	2016 £'000
Current		
Trade payables	–	1,319
Amounts owed to subsidiary undertakings	–	3,924
Amounts owed to parent undertaking	–	625
Other payables including taxation and social security	–	720
Accruals	–	1,508
	–	8,096

Trade and other payables were primarily denominated in sterling.

The book value of trade and other payables is consistent with fair value in the current and prior financial year.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

10 Provisions

	Retired member annuities £'000	Member annuities £'000	Claims and regulatory proceedings £'000	Total £'000
Balance at beginning of prior year	–	3,566	450	4,016
Statement of comprehensive income:				
Charge for the financial year	–	512	300	812
Unwinding of discount	4	126	–	130
Actuarial losses	13	162	–	175
Retired members' transfer	458	(458)	–	–
Cash payment	(53)	–	–	(53)
Balance at end of prior year	422	3,908	750	5,080
Statement of comprehensive income:				
Charge for the financial year	–	123	–	123
Unwinding of discount	3	26	–	29
Cash payment	(20)	–	–	(20)
Transferred to parent undertaking	(405)	(4,057)	(750)	(5,212)
Balance at end of year	–	–	–	–

All provisions balances at 30 June 2016 were non-current.

Annuities

The provision for member annuities reflected the present value of commitments to pay annuities to members of the LLP.

The provisions for member annuities were transferred to the LLP's parent undertaking on 1 October 2016.

The principal actuarial assumptions used in calculating the prior year annuities provisions were an assumed retirement age of 57, with a discount rate of 2.7% and an inflation rate of 2.6%. The discount rate was based on the yield on corporate bonds, adjusted for risk.

Claims and regulatory proceedings

Until 1 October 2016, in common with comparable professional practices, the LLP was involved in a number of disputes in the ordinary course of business which may give rise to claims or investigations commenced by regulatory bodies which may lead to regulatory proceedings. Where costs were likely to be incurred in defending and concluding such matters and could be measured reliably, they were provided for in the financial statements.

On 1 October 2016, the provision for claims and regulatory proceedings was transferred to the LLP's parent undertaking.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

11 Members' capital

	2017 £'000	2016 £'000
Balance at beginning of year	4,247	3,923
Contributions by members	230	528
Repayments to members	(3,477)	(204)
Balance at end of year	1,000	4,247

Members' capital contributions are determined having regard to the working capital needs of the business. Individual members' capital contributions are set by reference to equity unit profit share proportions and are not repayable until the member retires. Members are required to provide one year's notice of retirement.

The carrying value of members' capital liabilities is consistent with fair value in the current and prior financial year.

12 Total members' interests

	Members' capital £'000	Members' reserves £'000	Amounts due to/(from) members £'000	Provision for member annuities £'000	Total members' interests £'000
Balance at beginning of prior year	3,923	11,817	–	3,566	19,306
Profit for the financial year available for division among members	–	12,435	–	–	12,435
Allocated profit	–	(10,848)	10,848	–	–
Movement in provisions	–	–	–	342	342
Introduced by members	528	–	–	–	528
Repayments of capital	(204)	–	–	–	(204)
Drawings and distributions	–	–	(10,848)	–	(10,848)
Balance at end of prior year	4,247	13,404	–	3,908	21,559
Profit for the financial year available for division among members	–	1,836	–	–	1,836
Allocated profit	–	(12,237)	12,237	–	–
Movement in provisions	–	–	–	(3,908)	(3,908)
Introduced by members	230	–	–	–	230
Repayments of capital	(3,477)	–	–	–	(3,477)
Drawings and distributions	–	–	(12,237)	–	(12,237)
Balance at end of year	1,000	3,003	–	–	4,003

The basis on which profits are allocated is described in note 1. Information concerning distributions to members and the number of members is given in note 5.

Any amounts due to members represent allocated profits not yet paid to members and are due within one year. In the event of a winding-up, members' reserves rank after unsecured creditors.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

13 Commitments under operating leases

The LLP had no commitments under non-cancellable operating leases in the current or prior financial year.

14 Financial instruments

Financial risk management and management of capital

The LLP's capital comprises the members' capital, undistributed profits and borrowing facilities. The LLP holds or issues financial instruments in order to finance its operations and manage foreign currency and interest-rate risks arising from its operations and sources of finance.

The principal financial instruments held or issued by the LLP are:

- Trade and other receivables (note 7) – primarily billed and unbilled amounts in respect of services provided to clients and amounts due from subsidiary undertakings, for which payment had not yet been received.
- Cash and cash equivalents (note 8) – the LLP manages its cash resources in order to meet daily working capital requirements. Cash and any outstanding debt are kept to a minimum and liquid fund deposits are maximised.
- Trade and other payables (note 9) – primarily accruals and amounts owed to the parent undertaking and external suppliers in respect of services received for which payment had not yet been made.
- Members' capital (note 11) – the LLP requires members to provide long-term financing, which is classified as a liability.
- Debt – the LLP's policy permits short-term variable rate facilities. At 30 June 2017, the LLP had no requirement for long term borrowings.

The Executive Board of the LLP's parent undertaking determines the treasury policies of the group, which include those of the LLP. These policies, designed to manage risk, relate to specific risk areas that management wish to control, including liquidity, credit risk, interest rate and foreign currency exposures. No speculative trading is permitted and hedging is undertaken against specific exposures to reduce risk.

Credit risk

Until 1 October 2016, cash deposits and other financial instruments with banks and financial institutions gave rise to counterparty risk. The LLP managed this counterparty risk by reviewing their credit ratings regularly and limiting the aggregate amount and duration of exposure to any one counterparty, taking into account its credit rating, market capitalisation and relative credit default swap price. The minimum long-term credit rating of all banks and financial institutions who held the LLP's short-term deposits during the financial year was BBB+.

The LLP's other significant credit risk related to receivables from clients. Exposure to that risk was monitored on a routine basis and credit evaluations were performed on clients as appropriate. The LLP's exposure to that risk was influenced mainly by the individual characteristics of each client. Risk was managed by maintaining close contact with each client and by routine billing and cash collection for work done.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

14 Financial instruments continued

Financial assets and liabilities by category

	2017 £'000	2016 £'000
Loans and receivables		
Assets		
Trade and other receivables	4,003	22,993
Cash and cash equivalents	–	7,595
Other financial liabilities		
Liabilities		
Trade and other payables	–	(7,376)
Members' capital	(1,000)	(4,247)

Interest rate profit of financial assets and liabilities

The financial assets and liabilities above are non-interest earning instruments. There was no exposure of financial assets and liabilities to interest rate movements as at 30 June 2017 (2016: nil).

Currency profile of financial assets and liabilities

The major part of the LLPs income and expenditure is in sterling. At 30 June 2017, the LLP had net US dollar denominated assets of £4,003,000 (2016: £1,300,000) and net Euro denominated assets of nil (2016: £219,000).

15 Discontinued operations

On 1 October 2016, the LLP's ultimate parent undertaking, PricewaterhouseCoopers LLP, was granted a multi-disciplinary practice licence by the Solicitors Regulation Authority. As a result of this, the business of the LLP merged with that of PricewaterhouseCoopers LLP and the LLP ceased to trade.

Analysis of the result from discontinued operations is as follows:

	2017 £'000	2016 £'000
Revenue	14,734	55,549
Expenses and disbursements on client assignments	(2,249)	(9,595)
Net revenue	12,485	45,954
Income from investments	–	1,000
Other operating charges	(10,586)	(34,126)
Operating profit	1,899	12,828
Finance income	4	13
Finance expense	(29)	(131)
Profit for the financial year before member annuities for current and retired members	1,874	12,710
Provision for member annuities for current and retired members	(123)	(687)
Profit for the financial year available for division among members from discontinued operations	1,751	12,023

The net cash flows from operating, investing and financing activities, as disclosed in the statement of cash flows, all arose from discontinued operations.

PricewaterhouseCoopers Legal LLP

Notes to the financial statements continued

16 Related party transactions

The following transactions were carried out with related parties:

Transactions with related parties:

	2017 £'000	2016 £'000
Provision of services to related parties		
PricewaterhouseCoopers LLP	4,993	10,326
PricewaterhouseCoopers Services Limited	640	863
PricewaterhouseCoopers Legal Middle East LLP	57	75
Purchase of services from related parties		
PricewaterhouseCoopers LLP	(6,295)	(20,374)
PricewaterhouseCoopers Legal (Resources) Limited	(5,943)	(20,798)
PricewaterhouseCoopers Legal Middle East LLP	(433)	(1,208)
Distributions to		
PricewaterhouseCoopers LLP	(9,596)	(2,000)
Dividends received from		
PricewaterhouseCoopers Legal (Resources) Limited	—	1,000

Year-end balances with related parties:

	2017 £'000	2016 £'000
Amount due to PricewaterhouseCoopers LLP	—	(625)
Amount due to PricewaterhouseCoopers Legal (Resources) Limited	—	(3,924)
Amount due from PricewaterhouseCoopers Legal Middle East LLP	4,003	3,918
Amounts due from other group undertakings	—	543

17 Immediate and ultimate parent undertaking

The LLP is incorporated in England and Wales.

The LLP's immediate and ultimate parent undertaking and controlling party is PricewaterhouseCoopers LLP, a UK limited liability partnership, which is the parent undertaking of the smallest and largest group that consolidates these financial statements.

The registered office address of PricewaterhouseCoopers LLP is 1 Embankment Place, London, WC2N 6RH. The registered office address of PricewaterhouseCoopers Legal LLP is 1 Embankment Place, London, WC2N 6DX.