

CLIFFORD CHANCE LLP

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 APRIL 2019
REGISTERED NO OC323571**

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CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019
Registered no: OC323571

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CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

REPORT TO THE MEMBERS

This is the annual report to the members of Clifford Chance LLP, a limited liability partnership registered in England and Wales with registered number OC323571. A list of members' names is available for inspection at 10 Upper Bank Street, London E14 5JJ, United Kingdom, which is also Clifford Chance LLP's principal place of business and registered office.

Basis of the financial statements

These financial statements present the consolidated results of Clifford Chance LLP and its subsidiaries for the year ended 30 April 2019 on the basis of International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Principal activity

The principal activity is the provision of legal services. All results derive from continuing activities.

Group structure

Clifford Chance is the collective name for the legal practice comprising Clifford Chance LLP and its subsidiary entities. The consolidated financial statements incorporate the financial statements of Clifford Chance LLP and its subsidiary entities. The consolidated results for the years ended 30 April 2019 and 2018 represent a consolidation of all entities controlled either directly or indirectly by Clifford Chance LLP. These entities may be branches, partnerships or separate corporate entities ("the Group").

Management

The Executive Leadership Group ("ELG"), chaired by the firm's Managing Partner, sets the Group's strategy and oversees its implementation. The effectiveness of the ELG is reviewed by the Partnership Council, led by the Group's Senior Partner.

The firm's constitution is governed by our Partnership Agreement. This requires that certain issues are subject to a vote of partners, including the election of the Managing Partner, the Senior Partner and the Partnership Council. Partners also vote on the admission of new partners, mergers or acquisitions and other major investments, and changes to the Partnership Agreement itself. Each partner has a single vote, although on certain matters (such as the arrangements for remuneration of equity partners) only equity partners are entitled to vote.

The ELG meets regularly and is responsible for our strategy, the development of our competitive position, our relationship with clients, mid and long-term business planning, the performance of the various parts of the Group, and its financial management.

The Partnership Council is an elected body chaired by the Senior Partner and currently comprising seven other elected council members, as well as one member appointed from outside the Group. The Partnership Council meets regularly in person to review the effectiveness of the Group's leadership and management. The Council also ensures that appointments to leadership roles are handled effectively and with due regard to the interests of the partnership.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

REPORT TO THE MEMBERS

Business review

The results represent a solid performance on a firm-wide basis with record Revenue, Net Profit and Profit per Equity Partner ("PEP") for a fourth consecutive year. Although the growth rate in the year ended 30 April 2019 did not match the previous three financial years, the results consolidate our strong performance over the four-year period. Profit before tax before members' remuneration and profit share has grown 55% over the last four financial years with a Compound Average Growth Rate of 12% over this period. PEP increased to a new record level of £1.62m. This equated to US\$2.1m, which places the firms alongside many of our American competitors.

The total revenue for the year was £1,693 million compared with £1,623 million for the previous year, the Group's highest reported revenues to date. The Corporate Practice Area had a very strong year with particularly strong performances in APAC, Americas, London and CE. Litigation & Dispute Resolution and Real Estate saw more modest growth but both delivered impressive performances following on from a very strong FY18. There has been no material effect from foreign exchange in the consolidated revenue.

The profit before tax for the year before members' remuneration and profit shares was £618m, £3m higher than the previous year. The firm has continued to make important and strategic investments during FY19 in people, skills, cyber security and upgraded software systems which set us up to provide the best possible service and experience to our clients now and in the coming years. We have also continued to lead the market with some ambitious and bold developments – for example, hiring Tiernan Brady as our first Global Head of Diversity and Inclusion to champion our campaigns and strategy in this important area, launching CC Choice and our Partner Leadership Development programme, making our investment in Reynen Court and continuing our investments in Best Delivery and in CC Applied Solutions under the leadership of Jeroen Plink. The market environment is evolving rapidly and, if we are to achieve our vision to be the Global Law Firm of Choice, we cannot afford to be complacent or to stand still.

Net cash at the year-end was £220m, an increase of £6m from net cash at 30 April 2018. The second half of the year saw partners engaging in a drive to invoice and collect cash more promptly. There were notable improvements across the group with the L&DR and Finance & Banking practice areas reporting significant improvements.

Net assets attributable to members excluding members' interest classified as liabilities improved significantly to £308m at 30 April 2019 (2018: £246m).

In conclusion, our strategy continues to deliver, and we believe there are opportunities for further growth in the coming years.

Going concern

The ELG has concluded that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the financial statements.

Financing

The Group is financed through a combination of members' own capital and undistributed profits. Additionally, a revolving credit facility in the amount of £150m is also available. The amount of capital per profit sharing unit is determined by the Partnership Agreement with reference to the future requirements of the Group.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

REPORT TO THE MEMBERS

Brexit

Whilst the exact nature and timing of Brexit remains uncertain at 30 April 2019, the shape and spread of the Firm's practices across geographies, products, expertise and sectors provides a natural hedge for the potential risks posed by Brexit. With our particularly strong expertise in areas such as financial regulation, trade and public policy, we have also been well placed to secure work advising clients on their own Brexit preparations. In terms of impact on the Firm's own operations, we have identified three particular areas of focus: residency and practicing rights for UK nationals working in Continental Europe and vice versa; the potential shift in demand for legal services as a result of potential Brexit consequences and the need to ensure we continue to have a strong presence and voice at EU institutions post Brexit. We are taking steps in all three of these areas to mitigate negative impacts, including investments in additional talent and support for our people, and reviewing some aspects of how we work. These actions sit alongside other workstreams to ensure the overall continued effective delivery of our services to clients and operation of our business. We continue to monitor the situation closely, with our Brexit preparations work led by our UK and Continental European Managing Partners.

Members' capital and drawings

The term "partner" in this document is used to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent standing in one of Clifford Chance LLP's subsidiary undertakings. The term "member" in this document is used to refer only to a member of Clifford Chance LLP.

The partners who are not members of the LLP receive remuneration on an equivalent basis to members. Their remuneration is presented in the Income Statement under *Staff and related costs*. Remuneration which is not profit-related and not discretionary that is paid to members, is treated as a charge against profits and is presented in the Income Statement under *Members' remuneration charged as an expense*.

Partners are paid a monthly drawing on account, in addition to a quarterly profit share distribution. Members' capital which is measured at cost is repayable within six months of retirement, and accordingly, is required to be classified as a liability. Each member contributes capital to the Group in accordance with the Partnership Agreement and in proportion to their profit-sharing units. The amount of capital per unit is determined from time to time, with reference to the future funding requirements of the Group. Members' capital of retiring and US partners is classified as a current liability. Non-US partners are required to give a minimum of not less than six months notice, and so this liability is classified as a non-current liability.

Profit sharing

The Partnership Agreement of Clifford Chance LLP sets out the basis for determining the profits available for sharing between equity partners. Such profits differ from the profits shown in these financial statements because different accounting policies are applied, and because the members of Clifford Chance LLP exclude certain equity partners and include certain partners who are not equity partners.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

REPORT TO THE MEMBERS

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the financial statements in accordance with applicable law 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and limited liability partnerships, the members must not approve the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 group and the limited liability partnership and of the profit or loss of the group and limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for limited liability partnership financial statements, 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 group and limited liability partnership will continue in business.

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

In so far as the members are aware:

- there is no relevant audit information of which the LLP's auditors are unaware; and
- the members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

REPORT TO THE MEMBERS

Auditors

The independent auditors of Clifford Chance LLP are PricewaterhouseCoopers LLP who will be proposed for reappointment. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

Designated members

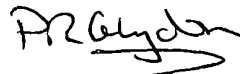
The designated members during the year ended 30 April 2019 and subsequent to the year end were:

Matthew Layton
Chris Perrin

Signed on behalf of the Executive Leadership Group by:



Matthew Layton
Managing Partner
2 July 2019



Patrick Glydon
Chief Financial Officer
2 July 2019

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLIFFORD CHANCE LLP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Clifford Chance LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 30 April 2019 and of the group's profit and the group's and the limited liability partnership's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the limited liability partnership's financial statements, as applied in accordance with the provisions of the Companies Act 2006 as applied to limited liability partnerships; 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.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the consolidated and limited liability partnership balance sheets as at 30 April 2019; the consolidated income statement and consolidated statement of comprehensive income; the consolidated and limited liability partnership cash flow statements and the consolidated and limited liability partnership statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and 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 the above matters.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLIFFORD CHANCE LLP Continued

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 4, 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. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLIFFORD CHANCE LLP Continued

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 July 2019

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

CONSOLIDATED INCOME STATEMENT

Year ended 30 April 2019	Note	2019 £m	2018 £m
Revenue	4	1,693	1,623
Other operating income		24	23
Operating costs			
Staff and related costs	5	(766)	(707)
Other operating costs		(323)	(313)
Operating profit		628	626
Financing costs	8	(10)	(11)
PROFIT BEFORE TAX AND MEMBERS' REMUNERATION AND PROFIT SHARES		618	615
Members' remuneration charged as an expense	9	(18)	(16)
PROFIT BEFORE TAX AVAILABLE FOR PROFIT SHARE AMONG MEMBERS		600	599
Taxation	10	(21)	(17)
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR PROFIT SHARE AMONG MEMBERS		579	582

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 30 April 2019

	Note	2019 £m	2018 £m
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR PROFIT SHARE AMONG MEMBERS		579	582
Items that will not be reclassified subsequently to the Consolidated Income Statement:			
Actuarial (loss)/gain on defined benefit pension scheme	20	(11)	48
Deferred tax relating to items not reclassified	10	-	39
Items that may be reclassified subsequently to the Consolidated Income Statement:			
Net foreign exchange differences recognised within reserves	23	(11)	5
Other comprehensive income for the year net of tax		(22)	92
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		557	674

CLIFFORD CHANCE LLP

Registered no. OC323571

Financial Statements for the year ended 30 April 2019

CONSOLIDATED BALANCE SHEET

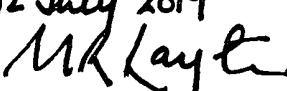
As at 30 April 2019

	Note	2019 £m	2018 £m
ASSETS			
Property, plant and equipment	12	83	85
Intangible Assets	12	-	-
Deferred tax assets	10	48	48
Total Non-Current Assets		131	133
Accrued income		305	300
Trade and other receivables	14	561	550
Amounts due from members	15	69	23
Cash at bank and in hand	16	220	214
Total Current Assets		1,155	1,087
TOTAL ASSETS		1,286	1,220
LIABILITIES			
Trade and other payables	17	428	399
Short term provisions	19	25	28
Members' capital - current	22	10	26
Total Current Liabilities		463	453
Long term payables	18	42	46
Deferred tax liability	10	-	1
Provisions, liabilities and charges	19	582	601
Members' capital - non-current	22	128	133
Total Non-Current Liabilities		752	781
TOTAL LIABILITIES		1,215	1,234
Total Liabilities Excluding Members' Interests Classified As Liabilities		978	974
Net Assets Of Members Excluding Members' Interests Classified As Liabilities	23	308	246
REPRESENTED BY:			
Provisions for annuities and other amounts due to current members	19	99	101
Members' capital - current	22	10	26
Members' capital - non-current	22	128	133
Members' interests classified as liabilities		237	260
Reserves		71	(14)
		308	246
Total members' interests:			
Amounts due from members		(69)	(23)
Provisions for annuities and other amounts due to current members		99	101
Members' capital - non-current		128	133
Members' capital - current		10	26
Reserves		71	(14)
		239	223

On 2 July 2019 the financial statements were signed by Matthew Layton, designated member, subject to member's approval:


Matthew Layton, designated member
Clifford Chance LLP

The members' approval was given

on 12 July 2019

Matthew Layton, designated member
Clifford Chance LLP

CLIFFORD CHANCE LLP

Registered no. OC323571

Financial Statements for the year ended 30 April 2019

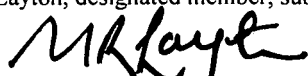
LIMITED LIABILITY PARTNERSHIP BALANCE SHEET

As at 30 April 2019

	Note	2019 £m	2018 £m
ASSETS			
Investments		5	-
Property, plant and equipment	13	14	15
Intangible assets	13	-	-
Total Non-Current Assets		19	15
Accrued income		130	133
Trade and other receivables	14	579	569
Amounts due from members	15	44	-
Cash at bank and in hand	16	109	108
Total Current Assets		862	810
TOTAL ASSETS		881	825
LIABILITIES			
Trade and other payables	17	401	366
Amounts due to members	15	-	18
Short term provisions	19	17	19
Members' capital current	22	10	26
Total Current Liabilities		428	429
Long term payables	18	27	31
Provisions, liabilities and charges	19	258	272
Members' capital non-current	22	128	133
Total Non-Current Liabilities		413	436
TOTAL LIABILITIES		841	865
Total Liabilities Excluding Members' Interests Classified As Liabilities		618	619
Net Assets Of Members Excluding Members' Interests Classified As Liabilities	23	263	206
REPRESENTED BY:			
Provisions for annuities and other amounts due to current members	19	85	87
Members' capital current	22	10	26
Members' capital non - current	22	128	133
Members' interests classified as non-current liabilities		223	246
Reserves		40	(40)
		263	206
Total members' interests:			
Amounts due (from)/to members		(44)	18
Provisions for annuities and other amounts due to current members		85	87
Members' capital non-current		128	133
Members' capital - current		10	26
Reserves		40	(40)
		219	224

As permitted by Section 408 of the Companies Act 2006, the LLP has not presented its own income statement. A profit of £241m (2018: £257m profit) is included within the financial statements of the LLP.

On 2 July 2019 the financial statements were signed by Matthew Layton, designated member, subject to members' approval:



Matthew Layton, designated member
Clifford Chance LLP

The members' approval was given on 12 July 2019



Matthew Layton, designated member
Clifford Chance LLP

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 April 2019

	Foreign Exchange Reserves	Other Reserves	Total Reserves Equity	<i>Provision for Annuities classified as liabilities</i>	<i>Members' Capital classified as liabilities</i>	<i>Members' Capital & Reserves</i>
	£m	£m	£m	£m	£m	£m
Balance at 1 May 2017	46	(203)	(157)	115	162	120
Profit for the financial year available for profit share among members	-	582	582	-	-	582
Other comprehensive income for the year	5	87	92	-	-	92
Total comprehensive income for the year	5	669	674	-	-	674
Profit distributions and related tax	-	(531)	(531)	-	-	(531)
Change in provision for annuities	-	-	-	(14)	-	(14)
Change in members' capital (note 22)	-	-	-	-	(3)	(3)
Balance at 30 April 2018	51	(65)	(14)	101	159	246
Profit for the financial year available for profit share among members	-	579	579	-	-	579
Other comprehensive expense for the year	(11)	(11)	(22)	-	-	(22)
Total comprehensive (expense)/income for the year	(11)	568	557	-	-	557
Profit distributions and related tax	-	(472)	(472)	-	-	(472)
Capital transferred to liabilities	-	-	-	-	(19)	(19)
Change in provision for annuities	-	-	-	(2)	-	(2)
Change in members' capital (note 22)	-	-	-	-	(2)	(2)
Balance at 30 April 2019	40	31	71	99	138	308

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

LIMITED LIABILITY PARTNERSHIP STATEMENT OF CHANGES IN EQUITY
Year ended 30 April 2019

	Foreign Exchange Reserves	Other Reserves	Total Reserves Equity	<i>Provision for Annuities classified as liabilities</i>	<i>Members' Capital classified as liabilities</i>	<i>Members' Capital & Reserves</i>
	£m	£m	£m	£m	£m	£m
Balance at 1 May 2017	32	(111)	(79)	96	162	179
Profit for the financial year available for profit share among members	-	257	257	-	-	257
Other comprehensive income for the year	4	-	4	-	-	4
Total comprehensive income for the year	4	257	261	-	-	261
Profit distributions and related tax	-	(222)	(222)	-	-	(222)
Change in provision for annuities	-	-	-	(9)	-	(9)
Change in members' capital (note 22)	-	-	-	-	(3)	(3)
Balance at 30 April 2018	36	(76)	(40)	87	159	206
Profit for the financial year available for profit share among members	-	241	241	-	-	241
Other comprehensive expense for the year	(5)	-	(5)	-	-	(5)
Total comprehensive (expense)/income for the year	(5)	241	236	-	-	236
Profit distributions and related tax	-	(156)	(156)	-	-	(156)
Capital transferred to liabilities	-	-	-	-	(19)	(19)
Change in provision for annuities	-	-	-	(2)	-	(2)
Change in members' capital (note 22)	-	-	-	-	(2)	(2)
Balance at 30 April 2019	31	9	40	85	138	263

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 April 2019

	Note	2019 £m	2018 £m
Profit before tax		618	615
Financing costs		10	11
Depreciation and amortisation	12	19	18
Contributions to defined benefit pension scheme	20	(17)	(18)
Loss on sale of fixed assets		-	1
Amounts charged for annuity obligations	21	3	-
Annuities paid in relation to former partners	21	(22)	(22)
Decrease in property and other provisions	19	(11)	(33)
Remuneration to members		(14)	(14)
Operating cashflow before movements in working capital		586	558
Increase in accrued income		-	(21)
Increase in receivables		(4)	(40)
Increase in payables		4	54
Cash generated by operations		586	551
Income taxes paid		(25)	(17)
NET CASH GENERATED FROM OPERATING ACTIVITIES		561	534
Cash flows used in investing activities:			
Purchase of property, plant and equipment	12	(18)	(20)
Proceeds from sale of property, plant and equipment		1	-
NET CASH USED IN INVESTING ACTIVITIES		(17)	(20)
Cash flows used in financing activities:			
Drawings and distributions to members		(539)	(544)
Capital net repayments to members	22	(2)	(3)
NET CASH USED IN FINANCING ACTIVITIES		(541)	(547)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3	(33)
Cash and cash equivalents at beginning of year		214	249
Effects of foreign exchange rate changes		3	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	220	214

Reconciliation of liabilities arising from financing activities:

	2018	2019		
	Opening £m	Cash £m	Non- Cash £m	Capital transferred £m
Members' capital	159	(2)	-	(19)
Total liabilities from financing activities	159	(2)	-	(19)

CLIFFORD CHANCE LLP
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LIMITED LIABILITY PARTNERSHIP CASH FLOW STATEMENT

For the year ended 30 April 2019

	Note	2019 £m	2018 £m
Operating profit		260	274
Depreciation and amortisation	13	5	4
Amounts charged/(credited) for annuity obligations	21	2	(1)
Annuities paid in relation to former partners	21	(20)	(20)
Decrease in property and other provisions	19	(6)	(17)
Operating cashflow before movements in working capital		241	240
Decrease/(increase) in accrued income		4	(22)
Increase in receivables		(8)	(57)
Increase in payables		10	21
Cash generated by operations		247	182
Income taxes paid		(15)	(6)
NET CASH GENERATED FROM OPERATING ACTIVITIES		232	176
Cash flows used in investing activities:			
Purchase of property, plant and equipment	13	(3)	(5)
NET CASH USED IN INVESTING ACTIVITIES		(3)	(5)
Cash flows used in financing activities:			
Drawings and distributions to members		(225)	(210)
Capital net repayments to members	22	(2)	(3)
NET CASH USED IN FINANCING ACTIVITIES		(227)	(213)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2	(42)
Cash and cash equivalents at beginning of year		108	150
Effects of foreign exchange rate changes		(1)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	109	108

Reconciliation of liabilities arising from financing activities:

	2018		2019	
	Opening £m	Cash £m	Non- Cash £m	Capital transferred £m
Members' capital	159	(2)	-	(19)
Total liabilities from financing activities	159	(2)	-	(19)
				Closing £m
				138

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NOTES TO THE FINANCIAL STATEMENTS

1 General

Clifford Chance LLP is a limited liability partnership registered in England and Wales and with offices in principal business centres worldwide.

2 Significant accounting policies

a) Basis of preparation

These financial statements present the consolidated results of Clifford Chance LLP and its subsidiary undertakings to 30 April 2019.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS regulation, and with those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRSs.

The Group has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts' with Customers with effect from 1 May 2018. IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. The Group has adopted an expected credit loss method of impairment of financial assets and this did not have a material impact on the Group due to the existing specific provisions against aged receivables.

IFRS 15: 'Revenue from contracts with customers', effective for the Group for the year ending 30 April 2019; the new standard replaces IAS 18 'Revenue' and establishes a five-step model for application to customer contracts: identification of customer contract; identification of the contract performance obligations; determination of the contract price; allocation of the contract price to the contract performance obligations; and revenue recognition as performance obligations are satisfied. IFRS 15 did not have a material impact on the Group.

The Group does not consider that either IFRIC 22 or the annual improvements to IFRS 2014 - 2016 cycle will have any significant impact on the financial statements of the Group.

There have been no other accounting standards, amendments and interpretations effective for the first time in these financial statements.

IFRS 16: 'Leases', will be effective for the Group for the year ending 30 April 2020. IFRS 16 replaces IAS 17 and introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Group will adopt IFRS16 on a modified retrospective basis from 1 May 2019. Accordingly, prior year financial information will not be restated and will continue to be reported under IAS 17: Leases. The right-of-use asset and lease liability will initially be measured at the present value of the remaining lease payments, with the right-of-use asset being subject to adjustments for onerous leases and some sub-leases. The estimated right-of-use asset recorded on the balance sheet at 1 May 2019 will be approximately £300m to £350m, the lease receivable £175m to £225m, the lease liability £700m to £750m, derecognition of the onerous lease provision of £96m and with a transitional reduction in reserves of between £79m and £129m. Depreciation of the right-of-use asset and recognition of interest on the lease liability in the income statement will replace amounts recognised as rent expense under IAS 17, resulting in an estimated increase in profit before tax available for profit share among members of £5m to £15m.

The information above is a summary of recent external accounting developments. We routinely review external accounting developments and adapt our financial reporting systems and processes as appropriate.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

2 Significant accounting policies (continued)

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Clifford Chance LLP and its subsidiary entities. Subsidiary entities are those entities controlled by Clifford Chance LLP, which may be branches, partnerships, limited liability partnerships or separate corporate entities. Control exists when Clifford Chance LLP has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. As permitted under section 408 of the Companies Act 2006, no separate income statement is presented for Clifford Chance LLP.

Intra-group balances and transactions are eliminated in the consolidated financial statements.

c) Revenue

Revenue represents amounts chargeable to clients for professional services provided, excluding external disbursements and sales tax. The Group is generally paid in arrears for its services. Invoices are typically payable within 30 to 60 days.

The Group provides services to clients under a contract or matter. In most instances, services for a matter are not considered distinct and represent a series of services that are substantially the same with the same pattern of transfer to the customer and are accounted for as a single performance obligation. However, where a contract or matter requires services that are capable of being distinct, are distinct in the context of the contract and are accounted for as separate performance obligations, revenue is allocated to each of the performance obligation based on a standalone fee.

Revenue is recognised when a performance obligation is satisfied and where the Group has the right to invoice the client. Typically, performance obligations are satisfied over time as services are provided. Revenue recognised over time is based on the proportion of the service performed with an output method used to measure progress for each performance obligation. The Group has applied the practical expedient of IFRS15 paragraph 121 to not disclose information about remaining performance obligations as the performance obligations are part of contracts or matters with an original expected duration of one year or less.

Revenue for services which is contingent and dependent on external events is recognised when the event is highly probable. The Group does not incur significant costs in obtaining or fulfilling a contract and therefore all such costs are expensed as incurred.

d) Members' remuneration, drawings and distributions

The partners who are not members of the LLP receive remuneration on an equivalent basis to members. Their remuneration is presented in the Income Statement under staff and related costs. Remuneration which is not profit-related and not discretionary, that is paid to members, is treated as a charge against profits and is presented in the income statement under Members' remuneration charged as an expense.

Partners are paid a monthly drawing in advance of the calculation and payment of profit distributions. Such amounts are classified as amounts due from members within current assets. Distributions of profits is recognised within equity when the distribution occurs.

e) Foreign currency

Transactions in foreign currencies are recorded at the foreign exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling on that date. Foreign exchange differences arising are recognised in the income statement.

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Financial Statements for the year ended 30 April 2019

2 Significant accounting policies (continued)

The results of offices which do not prepare their financial statements in Sterling are translated into Sterling at the average rates of exchange for the year. The balance sheets of these offices are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising from the retranslation of opening net assets, together with the difference between the income statement translated at the average and closing exchange rates, and certain exchange differences arising on the distribution of profits to members, are recorded in the foreign exchange reserve.

f) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Leasehold improvements and fitting out costs	-	10 - 15 years, or life of lease if shorter
Personal computers and small IT assets	-	2 - 4 years
Other equipment	-	5 years
Furniture and fittings	-	3 - 10 years

g) Intangible assets

Costs associated with the development of the global accounting and practice management system, including internal costs directly attributable to development, were recognised in the financial statements as an intangible asset. The Firm expected to derive economic benefits from the development costs capitalised in this manner over a period of ten years from the date the system came into productive use and the costs, including any enhancement expenditure, and are now fully amortised.

h) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

i) Pensions

i. Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

ii. Defined benefit schemes

Defined benefit schemes, the assets of which are held in separate trustee-administered funds, are funded by payments from the employer, taking account of the recommendations of an independent qualified actuary. All material defined benefit schemes are closed.

Full actuarial valuations of the principal scheme are carried out every three years and the scheme actuary updates these at each balance sheet date.

2 Significant accounting policies (continued)

Defined benefit schemes are accounted for under IAS 19 (revised): Employee Benefits. The retirement benefits obligation represents the present value of the obligation to provide benefits, less the fair value of the schemes' assets. The financing costs of the schemes are recognised in the income statement and actuarial gains and losses are recognised in full in the statement of comprehensive income. Net interest is calculated by applying the discount rate to the net defined pension liability.

j) Annuities

The cost of providing annuities to current and retired partners is determined annually by an independent actuary and charged to the income statement over the estimated service lives of the partners.

k) Provisions

A provision is recognised in the balance sheet when there is a legal or constructive present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting, if the effect is material, the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

l) Contingent liabilities

The Group may be involved in disputes in the ordinary course of business, which may give rise to claims. To the extent that claims are covered by professional indemnity insurance, no provision is made beyond an accrual for the insurance deductible. No separate disclosure is made of the cost or nature of claims covered by insurance, as to do so could seriously prejudice the position of the Group.

m) Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Impact of initial application of IFRS 9 Financial Instruments

The Group has reviewed and assessed existing financial instruments as at 1 May 2018, based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on them, as regards their classification and measurement, other than in relation to additional loss allowances recognised.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for trade receivables and accrued income.

Based on the Group's overall assessment, the application of IFRS 9 has not had a material impact on the consolidated results or financial position at 1 May 2018 and so no adjustment has been made to these figures. An additional credit loss allowance of £4m has been recognised in the current year.

Trade and other receivables

Trade and other receivables are measured at cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand or demand deposits and other short-term highly liquid investments.

CLIFFORD CHANCE LLP
Financial Statements for the year ended 30 April 2019

2 Significant accounting policies (continued)

Accrued Income

Accrued income is measured at selling value of unbilled hours chargeable to clients less any impairment, including an expected credit loss provision.

Trade and other payables

Trade and other payables, including borrowings, are measured at fair value on inception, then subsequently at amortised cost.

Onerous lease provision

The onerous lease provision is measured at the discounted cost of the lease commitment in respect of various unused properties.

n) Operating leases and property provisions

Payments made under operating leases and any lease incentives are recognised in the income statement on a straight line basis over the term of the lease. Incentives are recognised as a liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease and included within Other operating income

Property provisions are recognised in the balance sheet when there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount. These include provisions for vacant space, sub-let losses or onerous leases and dilapidation liabilities.

o) Income taxation

Income tax payable on partnership profits is the personal liability of individual members in most jurisdictions including the UK. In some locations income tax payable on partnership profits is the liability of the relevant partnership. There is a separate tax charge in the income statement and a separate tax liability in the balance sheet for such amounts payable by partnerships together with tax payable by consolidated corporate subsidiaries, representing tax payable by them as entities in their own right.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements of the Group's corporate subsidiaries and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised in future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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2 Significant accounting policies (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date in the relevant country. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the intention is to settle the current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the profit or loss statement, except when they relate to items that are recognised in the statement of comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in statement of comprehensive income or directly in equity respectively.

p) Members' capital

Non-US members are required to give a minimum of not less than six months notice of retirement, whilst US members are not required to give notice. Members' capital which is measured at cost is repayable within six months of retirement. Accordingly, members' capital is required to be classified as a liability, with capital due to US and retiring partners classified as a current liability, and the remaining liability classified as a non-current liability.

q) Critical accounting estimates and key sources of estimation

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and judgements, including judgements regarding the application of the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The critical accounting estimates and key sources of estimation applied in these financial statements are set out below. Any significant change in these estimates could have a material effect on the Firm's financial position and results of operations.

Actuarial assumptions

The pension liabilities in respect of the principal defined benefit scheme and the provisions for annuity payments to current and retired partners have been independently valued by actuaries based on information provided by Clifford Chance LLP. The assumptions are set out in notes 20 and 21 and have been determined having taken advice from the independent actuaries.

Accrued Income

Accrued income is a contract asset and is recognised when performance obligations are satisfied over time in excess of amounts billed. The value of accrued income is based on estimates and assumptions over whether the right to consideration exists, the percentage completion of performance obligations and the valuation of variable and contingent fees. A change in the provision against accrued income of 1% would result in a change in operating profit of £2m.

Trade receivables

Trade receivables are measured on initial recognition at fair value subsequently measured at amortised cost. The fair value is based on assumptions over the future recoverability of sales invoices. A change in the provision against trade receivables of 1% would result in a change to operating profit of £1m.

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Financial Statements for the year ended 30 April 2019

2 Significant accounting policies (continued)

r) Going concern

The applicability of the going concern basis is reviewed by management taking into account the continued availability of sufficient funding for the operations of the Firm. The Firm's main sources of funding are partners' capital, undistributed profits and borrowing facilities. The current borrowing facilities are described in note 18 and the availability of these facilities is dependent upon continued compliance with the applicable financial covenants. Regular financial forecasts are prepared to monitor the Firm's funding requirements and projected compliance with the covenants. Consideration is given to the potential business risks which could affect future compliance and the potential actions which could be taken to mitigate the effect of these risks. The main financial risks to which the Firm is exposed are described in notes 20 and 25.

It is considered that the Firm will be able to continue to comply with the applicable covenants for the foreseeable future given the current level of cash at bank and trading performance, being a period of at least twelve months from the date of approval of the financial statements. Accordingly, the going concern basis has been adopted in preparing these financial statements.

s) Related party transactions

Within the Group financial statements, balances between Clifford Chance LLP and its subsidiary entities have been eliminated on consolidation. Total transactions with and year end balances held with other related parties are disclosed in note 24.

Remuneration of the Executive Leadership Group members, who are related parties, is disclosed in note 24.

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3 Entities included in the consolidation

Clifford Chance LLP practices through overseas branches in Abu Dhabi, Amsterdam, Beijing, Brussels, Dubai, Moscow, Seoul and Shanghai. As at 30 April 2019, Clifford Chance LLP also has the following undertakings, all 100% controlled, except as detailed in the section headed "Alliances" below.

The principal activity of the entities listed below is the provision of legal services with the exception of those marked below as follows:

- (1) entities which provide services to other group entities; or
- (2) entities which hold investments in other group undertakings; or
- (3) entities which are dormant.

	Country of Operation	Registered address
Clifford Chance	Australia	Plaza Building, Level 16, No 1 O'Connell Street, Sydney NSW 2000, Australia
Clifford Chance Australia Pty Ltd (2)	Australia	Plaza Building, Level 16, No 1 O'Connell Street, Sydney NSW 2000, Australia
Clifford Chance Australia Services Pty Ltd (1)	Australia	Plaza Building, Level 16, No 1 O'Connell Street, Sydney NSW 2000, Australia
Clifford Chance Ltda	Brazil	Rua Funchal 418 15th Floor, SP 04551-060 São Paulo, Brazil
Clifford Chance Sociedade de Consultores	Brazil	Rua Funchal 418 15th Floor, SP 04551-060 São Paulo, Brazil
Clifford Chance Prague LLP	Czech Republic	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Europe LLP	France	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance SELAFA (1)	France	1, rue d'Astorg, CS 60058, 75377 Paris Cedex 08, France
Clifford Chance Deutschland LLP	Germany	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Services GmbH (1)	Germany	Mainzer Landstrasse 46, 60325 Frankfurt, Germany
Clifford Chance Steuerberatungsgesellschaft mbH	Germany	Mainzer Landstrasse 46, 60325 Frankfurt, Germany
Clifford Chance	Hong Kong	27th Floor, Jardine House, One Connaught Place, Hong Kong
Brecon Limited (1)	Hong Kong	27th Floor, Jardine House, One Connaught Place, Hong Kong
Legibus Secretaries (Hong Kong) Ltd (1)	Hong Kong	27th Floor, Jardine House, One Connaught Place, Hong Kong
Clifford Chance Business Services Private Limited (formerly OSC Services Private Limited) (1)	India	Ambience Corporate Tower – II, Ambience Island, NH-8, Delhi, Gurgaon, Haryana, 122001, India
Studio Legale Associato	Italy	Via di Villa Sacchetti 11, 00197, Rome, Italy
Clifford Chance (Tokyo) LLP	Japan	31 West 52nd Street, New York, NY 10019-6131, USA
Clifford Chance Law Office	Japan	Palace Building, 3rd floor, 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan
Clifford Chance	Luxembourg	10 Bld G.D. Charlotte, B.P.1147, L-1911 Luxembourg, Grand-Duche de Luxembourg
Clifford Chance GP (2)	Luxembourg	10 Bld G.D. Charlotte, B.P.1147, L-1911 Luxembourg, Grand-Duche de Luxembourg

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	Country of Operation	Registered address
Oscar Services Ltd (2)	Mauritius	IFS Court, Bank Street, TwentyEight Cybercity, Ebène 72201, Mauritius
Clifford Chance, Janicka, Krużewski, Namiotkiewicz i Wspólnicy sp.k.	Poland	Norway House, ul. Lwowska 19, 00-660 Warsaw, Poland
Clifford Chance Badea SPRL	Romania	Excelsior Center, 28-30 Academiei Street, Sector 1, Bucharest, 010016, Romania
Clifford Chance CIS Limited (3)	Russia	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Pte. Ltd	Singapore	Marina Bay Financial Centre, 25th Floor, Tower 3, 12 Marina Boulevard, Singapore 018982
Clifford Chance International LLP	Singapore / Morocco	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance S.L.P.U	Spain	Paseo de la Catellana 110, 28046, Madrid, Spain
Clifford Chance (Thailand) Ltd	Thailand	Level 11, Mercury Tower, 540 Pleonchit Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand
Judde Holdings Ltd (2)	Thailand	Level 11, Mercury Tower, 540 Pleonchit Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand
Clifford Chance Danismanlik Hizmetleri Avukatlik Ortakligi	Turkey	Kanyon Ofis Binasi Kat. 10, Buyukdere Cad. No. 185, Istanbul 34394, Turkey
Clifford Chance Danişmanlik Hizmetleri Limited Şirketi (1)	Turkey	Kanyon Ofis Binasi Kat. 10, Buyukdere Cad. No. 185, Istanbul 34394, Turkey
Clifford Chance Newcastle Ltd	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance No 2 Ltd (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Nominees No.2 Limited (1)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Pension Trustees Ltd (1)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Property Nominees Ltd (1)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Secretaries Ltd (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Mithras Ltd (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Moleglade Ltd (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance London Limited (1)	UK	10 Upper Bank Street, London, E14 5JJ, UK
CC Worldwide Limited	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chanced Applied Solutions Limited	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Technology Limited (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Holdings LLP (1)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance Business Services Holdings Limited (2)	UK	10 Upper Bank Street, London, E14 5JJ, UK
Clifford Chance US LLP	USA	31 West 52nd Street, New York, NY 10019-6131, USA

Alliances

The Group has entered into contractual arrangements with the entities below such as to require their results to be consolidated with the financial statements of the Group.

Cavenagh Law LLP	Singapore	Marina Bay Financial Centre, 25th Floor, Tower 3, 12 Marina Boulevard, Singapore 018982
Yegin Ciftci Avukatlik Ortakligi	Turkey	Kanyon Ofis Binasi Kat. 10, Buyukdere Cad. No. 185, Istanbul 34394, Turkey

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4. Revenue

The Group derives revenue from the provision of professional services to clients over time in the following geographic and client segment areas:

Revenue by geographic area:

	2019	2018
	£m	£m
Americas	226	215
Asia Pacific	307	281
Continental Europe	551	538
Middle East	53	54
UK	556	535
	<u>1,693</u>	<u>1,623</u>

Revenue by client segment:

	2019	2018
	£m	£m
Banks	550	531
Financial Investors	519	480
Corporate Enterprises	624	612
	<u>1,693</u>	<u>1,623</u>

The Group has recognised accrued income of £305m (2018: £300m) in relation to contracts with customers. Accrued income arises when the Group fulfills contractual performance obligations ahead of agreed payment schedules. The Group also recognised a loss allowance for accrued income of £1m (2018: £0m), see note 25. The increase in accrued income compared with 2018 was in line with the increase in revenue.

CLIFFORD CHANCE LLP

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5. Staff and related costs

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Salaries and other remuneration of non-members	607	564	79	72
Social security contributions	47	44	8	7
Pension cost	18	12	6	2
Other staff costs	94	87	11	8
	<u>766</u>	<u>707</u>	<u>104</u>	<u>89</u>

The average number of partners and employees during the year was as follows:

	Consolidated		LLP	
	2019	2018	2019	2018
Total partners	562	558	235	199
Associates and other fee earners	2,166	2,135	282	280
Total trainees	586	571	102	98
Administrative and support staff	2,894	2,744	338	286
	<u>6,208</u>	<u>6,008</u>	<u>957</u>	<u>863</u>

The average number of members included above for consolidated is 468 (2018: 456) and for LLP is 202 (2018: 198)

The amount of profit for the current year which is attributable to the member with the largest entitlement to profit is £3m (2018: £3m)

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6. Profit for the year

Profit before tax for the year available for profit share among members has been arrived at after charging/(crediting):

	2019	2018
	£m	£m
Depreciation of property, plant and equipment (note 12)	19	18
(Gains)/losses on foreign exchange	(2)	4
Annuities (notes 8, 9 and 21)	10	6
Staff costs (note 5)	766	707
Rent - subtenant income	(24)	(23)
Lease payments under operating leases (note 26)	90	111

7. Auditors' remuneration

2019	2018
£m	£m

The following amounts have been charged against the profit from operations:

Fees payable to the LLP's auditors for the audit of the LLP's accounts	0.4	0.4
Fees payable to the auditors and their associates for other services to the group:		
Fees for the audit of the LLP's subsidiary entities pursuant to legislation	0.3	0.3
Total audit fees	<u>0.7</u>	<u>0.7</u>
Audit-related assurance services	0.1	0.2
Taxation compliance services	0.3	0.4
Other taxation advisory services	0.3	0.2
Other services and fees payable in respect of associated pension schemes	0.1	0.1
Total non-audit fees	<u>0.8</u>	<u>0.9</u>
Total fees to auditors	<u><u>1.5</u></u>	<u><u>1.6</u></u>

8. Financing costs

2019	2018
£m	£m

Interest payable and similar charges:

Pensions (note 20)	7	8
Annuities (note 21)	3	3
	<u><u>10</u></u>	<u><u>11</u></u>

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9. Members' remuneration charged as an expense

Members' remuneration charged as an expense comprises the remuneration of certain partners who are members of Clifford Chance LLP but whose remuneration is not a share of profits amounting to £14m (2018: £13m), and a charge of £4m (2018: £3m) for annuities in respect of partners who are members.

10. Taxation

	2019	2018
	£m	£m
UK corporation tax	4	4
Overseas taxes	17	13
	<u>21</u>	<u>17</u>

In most locations, including the UK, income tax payable on the allocation of profits to members is the personal liability of the members and hence is not shown in these financial statements.

Reconciliation of tax charge:

	2019	2018
	£m	£m
Profit before taxation	600	599
Amounts subject to personal tax	(511)	(508)
Profit before taxation	<u>89</u>	<u>91</u>
Tax at UK standard corporate rate 19% (2018: 19%)	17	17
Timing and other differences between the basis of recognition of profits for tax and accounting purposes	-	(1)
Tax effects of overseas taxes	4	1
Current year tax charge	<u>21</u>	<u>17</u>

	2019	2018
	£m	£m
Deferred tax asset		
Deferred tax asset movements during the current year were as follows:		
At the beginning of the year	48	9
Utilised in the year	3	-
Movement in the year	(3)	-
Credit to consolidated statement of comprehensive income	-	39
At the end of the year	<u>48</u>	<u>48</u>

The deferred tax asset is recognised in respect of temporary differences relating to the defined benefit pension scheme. On 24 July 2017, the group agreed with the pension Trustees to make contributions to the Pension Scheme over the next ten years, which when taken together with future expected investment growth and other factors means that the Pension Scheme should be able to fully fund future pension obligations.

	2019	2018
	£m	£m
Deferred tax liability movements during the current year were as follows:		
At the beginning of the year	1	1
Accelerated capital allowances	(1)	-
At the end of the year	<u>-</u>	<u>1</u>

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11. Profit attributable to the Limited Liability Partnership

The profit for the financial year available for profit share among members dealt with in the financial statements of the parent undertaking, Clifford Chance LLP, is set out in note 23.

12. Property, plant and equipment and intangible assets - Consolidated

	Property, plant and equipment				Intangible assets
	Leasehold improvements	Office and IT equipment	Furniture and fittings	Total	
	£m	£m	£m	£m	£m
Cost:					
Balance at 1 May 2017	116	73	30	219	51
Foreign exchange movements	(2)	-	-	(2)	-
Additions	6	12	2	20	-
Disposals	(2)	(5)	(2)	(9)	-
Balance sheet at 30 April 2018	118	80	30	228	51
Foreign exchange movements	2	-	1	3	-
Additions	5	11	2	18	-
Disposals	(3)	(8)	(1)	(12)	-
Balance at 30 April 2019	122	83	32	237	51
Accumulated depreciation:					
Balance at 1 May 2017	(51)	(61)	(23)	(135)	(51)
Foreign exchange movements	2	-	-	2	-
Depreciation charge for the year	(9)	(7)	(2)	(18)	-
Disposals	2	4	2	8	-
Balance at 30 April 2018	(56)	(64)	(23)	(143)	(51)
Foreign exchange movements	(2)	-	(1)	(3)	-
Depreciation charge for the year	(9)	(9)	(1)	(19)	-
Disposals	3	7	1	11	-
Balance at 30 April 2019	(64)	(66)	(24)	(154)	(51)
Carrying amount:					
At 30 April 2018	62	16	7	85	-
At 30 April 2019	58	17	8	83	-

The intangible assets are capitalised software development costs.

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13. Property, plant and equipment and intangible assets - LLP

	Property, plant and equipment				Intangible assets
	Leasehold improvements	Office and IT equipment	Furniture and fittings	Total	
	£m	£m	£m	£m	£m
<i>Cost:</i>					
Balance at 1 May 2017	17	35	5	57	51
Foreign exchange movements	-	-	-	-	-
Additions	2	3	1	6	-
Disposals	(1)	(2)	(1)	(4)	-
Balance sheet at 30 April 2018	18	36	5	59	51
Foreign exchange movements	1	1	-	2	-
Additions	-	3	-	3	-
Disposals	(3)	(3)	-	(6)	-
Balance Sheet at 30 April 2019	<u>16</u>	<u>37</u>	<u>5</u>	<u>58</u>	<u>51</u>
<i>Accumulated depreciation:</i>					
Balance at 1 May 2017	(10)	(29)	(5)	(44)	(51)
Foreign exchange movements	-	-	-	-	-
Depreciation charge for the year	(1)	(3)	-	(4)	-
Disposals	1	2	1	4	-
Balance at 30 April 2018	(10)	(30)	(4)	(44)	(51)
Foreign exchange movements	(1)	-	-	(1)	-
Depreciation charge for the year	(1)	(4)	-	(5)	-
Disposals	3	3	-	6	-
Balance at 30 April 2019	<u>(9)</u>	<u>(31)</u>	<u>(4)</u>	<u>(44)</u>	<u>(51)</u>
<i>Carrying amount:</i>					
At 30 April 2018	<u>8</u>	<u>6</u>	<u>1</u>	<u>15</u>	<u>-</u>
At 30 April 2019	<u>7</u>	<u>6</u>	<u>1</u>	<u>14</u>	<u>-</u>

The intangible assets are capitalised software development costs.

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14. Trade and other receivables

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Trade receivables	450	441	209	207
Amounts due from subsidiary undertakings	-	-	304	301
Sundry receivables and prepayments	111	109	66	61
	<u>561</u>	<u>550</u>	<u>579</u>	<u>569</u>

Further information regarding credit risk and the allowance for doubtful debts in relation to client receivables is given in note 25.

There is no material difference between the fair value and carrying value of trade and other receivables.

The amounts for intercompany result from fees owed by other offices in respect of client matters, and arise when the leading office issues a fee note to the client, as well as in respect of inter-office charges for items such as management charges. Such balances are interest free and repayable on demand.

15. Amounts due from and due to members

Amounts due from members comprise drawings paid to members during the financial year, which are advance payments in relation to the profit for the financial year available for profit share among members, together with advance payments of taxes, less net amounts withheld from prior year profit distributions but not yet paid over to the tax authorities in relation to partners' prior year tax liabilities.

16. Cash and cash equivalents

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Cash at bank and in hand	<u>220</u>	<u>214</u>	<u>109</u>	<u>108</u>

There is no material difference between the fair value and carrying value of cash and cash equivalents.

17. Trade and other payables

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Accounts payable	46	51	18	21
Amounts due to subsidiary undertakings	-	-	229	206
Social security and other taxes	14	13	1	1
Corporate and income taxes payable	4	7	2	5
Capital of non-members	54	34	36	18
Undistributed earnings due to non-members	98	93	31	29
Other creditors	44	44	11	24
	<u>260</u>	<u>242</u>	<u>328</u>	<u>304</u>
Accruals and deferred income	168	157	73	62
	<u>428</u>	<u>399</u>	<u>401</u>	<u>366</u>

There is no material difference between the fair value and carrying value of trade and other payables.

The amounts for intercompany result from fees owed to other offices in respect of client matters, and arise when the leading office issues a fee note to the client. Such balances are interest free and repayable on demand.

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18. Long term payables

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Other long term creditors	42	46	27	31
	<u>42</u>	<u>46</u>	<u>27</u>	<u>31</u>

No borrowings were outstanding at the balance sheet date (2018: £nil).

All borrowings during the year were at variable interest rates. The average effective interest rate was 1.6% (2018: 2.2%).

At 30 April 2019 available undrawn committed borrowing facilities in both the group and the LLP amounted to £150m (2018: £150m), which expires in August 2020.

Other creditors include amounts recorded to spread the rental charge across the lease period of £42m (2018: £45m). The corresponding amount for the LLP at 30 April 2019 is £27m (2018: £30m).

19. Provisions

	Consolidated				
	Pensions	Annuities	Property	Other provisions	Total
	£m	£m	£m	£m	£m
	(note 20)	(note 21)			
Balance at 1 May 2017	341	225	133	38	737
Provisions made during the year	8	6	1	3	18
Amounts paid / utilised	(18)	(22)	(12)	(22)	(74)
Amounts released during the year	-	-	-	(4)	(4)
Actuarial gain	(48)	-	-	-	(48)
Balance at 30 April 2018	<u>283</u>	<u>209</u>	<u>122</u>	<u>15</u>	<u>629</u>
Provisions made during the year	7	10	3	1	21
Amounts paid / utilised	(17)	(22)	(11)	(4)	(54)
Actuarial loss	11	-	-	-	11
Balance at 30 April 2019	<u>284</u>	<u>197</u>	<u>114</u>	<u>12</u>	<u>607</u>

19. Provisions (continued)

The above amounts have been disclosed in the balance sheet as follows:

No amounts have been recognised for either the current or prior year in respect of professional indemnity claims. An accrual for the deductible of the professional indemnity insurance is maintained, with claims above this level covered by insurance.

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20. Defined benefit pension scheme

Clifford Chance Pension Trustees Limited is the trustee of a defined benefit scheme in which certain employees of Clifford Chance London Limited participated ("the Scheme"). The Scheme was closed to future accrual with effect from 30 April 2011. The assets of the Scheme are held separately from those of the group.

Payments into the Scheme are assessed in accordance with the advice of an independent qualified actuary with the funding rate intended to enable the Scheme to be fully funded over time.

A full actuarial valuation of the Scheme was carried out as at 30 April 2016 by a qualified independent actuary.

The key accounting assumptions used are set out below:

	2019	2018
Discount rate	2.5%	2.6%
Future pension increases - pensions accrued prior to 30 April 2005	3.0%	2.9%
Future pension increases - pensions accrued after 30 April 2005	2.2%	2.1%
Price inflation	3.1%	3.0%

Mortality assumptions have been based on SAPS Light tables with CMI 2018 improvements (2018: CMI 2017 improvements), projected according to each member's year of birth. The assumptions for both years include an allowance for increased longevity, assuming a long-term rate of improvement of 1.0% per annum.

The assumed life expectations on retirement at age 65 are:

	2019	2018
Retiring today:		
Males	87.5	87.9
Females	89.3	89.7
Retiring in 20 years:		
Males	88.4	88.9
Females	90.4	90.9

The amount recognised in the consolidated income statement was as follows:

	2019	2018
	£m	£m
Pensions	7	8

The amount recognised in the consolidated statement of comprehensive income was as follows:

	2019	2018
	£m	£m
Actuarial (losses)/gains from changes in financial assumptions	(38)	4
Gain/(loss) on the Scheme liabilities arising from changes in experience	4	(1)
Gains on the Scheme liabilities arising from changes in demographic assumptions	16	38
Actuarial gain on the Scheme assets	7	7
(Loss)/gain recognised in the consolidated statement of comprehensive income	<u>(11)</u>	<u>48</u>

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20. Defined benefit pension scheme (continued)

The liability included in the consolidated balance sheet was as follows:

	2019	2018
	£m	£m
Present value of defined benefit obligation	782	752
Fair value of plan assets	(498)	(469)
Present value of net obligation (note 19)	<u>284</u>	<u>283</u>

Movements in the present value of defined benefit obligations in the year were as follows:

	2019	2018
	£m	£m
At the beginning of the year	752	782
Interest on obligations	19	20
Actuarial losses/(gains) from changes in financial assumptions	38	(38)
Actuarial (gains)/losses from changes in experience	(4)	2
Actuarial gains from changes in demographic assumptions	(16)	(4)
Benefits paid	(7)	(10)
At the end of the year	<u>782</u>	<u>752</u>

Movements in the fair value of Scheme assets were as follows:

	2019	2018
	£m	£m
At the beginning of the year	469	441
Interest income on Scheme assets	12	13
Actuarial gain on the Scheme assets	7	7
Contributions made	17	18
Benefits paid	(7)	(10)
At the end of the year	<u>498</u>	<u>469</u>

The assets held by the Scheme were as follows:

	2019	% of	2018	% of
	value	total	value	total
	£m	value	£m	value
Equities and other growth assets	385	77%	342	73%
Bonds	45	9%	67	14%
Other assets	68	14%	60	13%
	<u>498</u>	<u>100%</u>	<u>469</u>	<u>100%</u>

Based on the most recently completed actuarial valuation as at 30 April 2016, the employer has agreed that it will aim to eliminate the Scheme's deficit (as assessed on the ongoing funding basis) by 31 May 2026. The estimated amount of employer contributions expected to be paid to the Scheme in respect of the year ending 30 April 2020 is £17 million, and thereafter, contributions will increase each year with RPI. Funding levels are monitored on an annual basis and the next triennial valuation, as at 30 April 2019, is currently taking place. The weighted average duration of the defined benefit obligation is around 25 years.

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20. Defined benefit pension scheme (continued)

Sensitivities

The key assumptions used for the actuarial valuation are the discount rate, price inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows:

	2019	2018
	£m	£m
<i>Discount rate less 0.25% per annum</i>		
Present value of defined benefit obligation	831	801
Fair value of assets	(498)	(469)
Revised net pension liability	<u>333</u>	<u>332</u>
Revised total charge to the consolidated income statement	<u>7</u>	<u>8</u>
<i>RPI inflation plus 0.25% per annum</i>	£m	£m
Present value of defined benefit obligation	824	794
Fair value of assets	(498)	(469)
Revised net pension liability	<u>326</u>	<u>325</u>
Revised total charge to the consolidated income statement	<u>8</u>	<u>8</u>
<i>Mortality assumption with 1.25% per annum long term rate of improvement</i>	£m	£m
Present value of defined benefit obligation	792	762
Fair value of assets	(498)	(469)
Revised net pension liability	<u>294</u>	<u>293</u>
Revised total charge to the consolidated income statement	<u>7</u>	<u>7</u>

The sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the plan membership.

Risks

The Firm is exposed to a number of risks through the Scheme, of which the most significant are detailed below:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (including equities, diversified growth funds and property) which are expected to outperform corporate bonds in the long-term while resulting in volatility and risk in the short-term. The allocation to growth assets is monitored such that it is consistent with the Scheme's long term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the Scheme's liabilities.

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20. Defined benefit pension scheme (continued)

Inflation risk

The majority of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in the life expectancy will result in an increase in the liabilities.

In addition to the UK scheme, the Firm operates some smaller defined benefit schemes in other countries. The total pension cost for the year and the aggregate assets and liabilities of these schemes were not material.

21. Annuity obligations to current and former partners

An independent qualified actuary has assessed the cost of annuity obligations. The economic assumptions used by the actuary in assessing the cost of annuity obligations in both the Consolidated and LLP accounts are as follows:

	2019	2018
	%	%
Discount rate	1.8	1.8
Rate of price inflation	3.2	2.9

The cost of annuities which are dependent upon the future profitability of the Firm has been estimated based upon current and projected levels of profitability and having regard to a cap applicable to such annuity payments.

Amounts recognised in the consolidated income statement were as follows:	2019	2018
	£m	£m
Movements in provision arising from:		
Current service cost	4	5
Other actuarial losses	3	(2)
Amount charged to the consolidated income statement *	7	3
Interest costs associated with obligations shown under net financing costs	3	3
Total charge to the consolidated income statement (note 19)	10	6

* Of this amount, £4m (2018: £3m) has been included within members' remuneration charged as an expense, and a cost of £3m (2018: £0) in relation to partners who were not members and former partners has been included in other operating costs.

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21. Annuity obligations to current and former partners (continued)

Movements in the net liability recognised in the consolidated balance sheet were as follows:

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Provision at the beginning of the year	209	225	176	191
Charge to the income statement	10	6	10	5
Annuities paid	(22)	(22)	(20)	(20)
Provision at the end of the year (note 19)	<u>197</u>	<u>209</u>	<u>166</u>	<u>176</u>

Annuity liabilities of £99m (2018: £101m) attributable to current partners who are members are shown separately on the balance sheet. Liabilities of £98m (2018: £108m) attributable to current partners who are not members and to former partners are shown as current and non-current liabilities.

The basis of calculation of the annuities provision in the balance sheet of Clifford Chance LLP is the same as set out above in relation to the consolidated balance sheet, but takes into account only those partners whose annuity entitlements are a direct obligation of Clifford Chance LLP. Annuity entitlements of other partners are a contingent obligation of Clifford Chance LLP.

Sensitivities

The key assumption used for the actuarial valuation is the discount rate. The impact of a 0.1% decrease to the discount rate would be to increase the liability by approximately £1.2m (2018: £1.0m).

22. Members' capital

	Consolidated and LLP	
	2019	2018
	£m	£m
Total members' capital at the beginning of the year	159	162
Capital contributed during the year	8	15
Capital transferred to liabilities	(19)	-
Capital repaid during the year	(10)	(18)
Total members' capital at the end of the year	<u>138</u>	<u>159</u>

Non-US members are required to give a minimum of not less than six months notice of retirement, whilst US members are not required to give notice. Members' capital which is measured at cost is repayable within six months of retirement. Members' capital is required to be classified as a liability, with capital due to US and retiring partners classified as a current liability, and the remaining liability classified as a non-current liability.

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23. Statement of movements in net assets attributable to members

A summary of movements in net assets attributable to members since the last balance sheet date is as follows:

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Net assets attributable to members at the beginning of the year	246	120	206	179
Profit for the year	579	582	241	257
Foreign exchange differences arising on translation of foreign operations	(11)	5	(5)	4
Actuarial (loss)/gain on defined benefit pension scheme	(11)	48	-	-
Deferred tax on defined benefit pension scheme	-	39	-	-
Decrease in provisions attributable to members	(2)	(14)	(2)	(9)
Capital net repayments	(2)	(3)	(2)	(3)
Capital transferred to liabilities	(19)	-	(19)	-
Profit distributions and related tax	<u>(472)</u>	<u>(531)</u>	<u>(156)</u>	<u>(222)</u>
Net assets attributable to members at the end of the year	<u>308</u>	<u>246</u>	<u>263</u>	<u>206</u>

24. Related party transactions

Within the group accounts, balances between Clifford Chance LLP and its subsidiary entities have been eliminated on consolidation.

During the year, Clifford Chance LLP provided management and legal services to its subsidiary undertakings totalling £110m (2018: £112m). Management and legal services were purchased from other group members totalling £390m (2018: £367m). The balances outstanding between Clifford Chance LLP and its subsidiary undertakings at the end of the financial year are shown in notes 14 and 17.

The key management personnel comprise the Executive Leadership Group (ELG). The total remuneration of the 13 ELG members (2018: 13 ELG members) in respect of the financial year amounted to £22m (2018: £22m).

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25. Financial assets and liabilities

The following information is provided in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosures".

Categories of financial assets and liabilities

The following table categorises the carrying value of the financial assets and liabilities at the balance sheet date. In each case, the fair value is not materially different to the carrying value.

	Consolidated		LLP	
	2019	2018	2019	2018
Financial assets	£m	£m	£m	£m
Accrued income	305	300	130	133
Trade receivables	450	441	209	207
Amounts due from members	69	23	44	-
Cash at bank and in hand	220	214	109	108
	<u>1,044</u>	<u>978</u>	<u>492</u>	<u>448</u>
Financial liabilities				
Trade and other current payables excluding accruals and deferred income	260	242	99	98
Amounts due to members	-	-	-	18
Onerous lease provision	96	107	90	100
Members' capital	138	159	138	159
Annuities	197	209	166	176
	<u>691</u>	<u>717</u>	<u>493</u>	<u>551</u>

Risks arising from financial assets and liabilities

The following summarises the principal risks associated with the group's financial assets and liabilities and how those risks are managed.

Liquidity and capital risk

The business is predominately financed by partners' capital and undistributed earnings with a revolving credit facility available. The capital structure is reviewed regularly to ensure that it is adequate to fund the current and projected needs of the business. The adequacy of borrowing facilities is regularly reviewed in light of projections of future cash flows. The group has comfortably complied with the banking covenants set under the borrowing facilities. The treasury policy requires that surplus funds be deposited for periods of generally less than three months.

The Group has an increasing focus on cash management, in particular targeting reduced WIP and debtor days. As at 30 April 2019 there are total undrawn committed borrowing facilities of £150m in both the Group and the LLP. The Group also has a substantial cash at bank balance of £220m (2018: £214m).

Currency risk

The reporting currency is Sterling but the group's business is international. Within each office, revenues and costs are predominantly in the same currencies. The consolidated balance sheet exposure to currencies other than Sterling (principally US Dollars and Euros) is regularly monitored and such exposure may be partially hedged by means of borrowings in US Dollars and Euros under committed multi-currency borrowing facilities.

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25. Financial assets and liabilities (continued)

Credit risk

The treasury policy requires that surplus funds be deposited only with approved counterparties and within counterparty limits. An assessment is made of the credit risk associated with clients by reviewing independent ratings and by monitoring the level of unpaid fees.

Accrued income

The table below analyses accrued income at the balance sheet date by geographic region:

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Americas	46	41	-	-
Asia Pacific	65	60	17	15
Continental Europe	96	99	16	19
Middle East	8	8	7	8
UK	90	92	90	91
Total	<u>305</u>	<u>300</u>	<u>130</u>	<u>133</u>

Trade receivables

The table below analyses trade receivables at the balance sheet date by geographic region:

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Americas	52	47	-	-
Asia Pacific	82	74	5	5
Continental Europe	137	144	26	31
Middle East	18	20	18	20
UK	161	156	160	151
Total	<u>450</u>	<u>441</u>	<u>209</u>	<u>207</u>

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25. Financial assets and liabilities (continued)

The Group has two types of financial asset that are subject to the expected credit loss model.

- Trade receivables
- Accrued income

While cash at bank and in hand is also subject to the impairment requirements of IFRS 9, the identified impairment loss was not material.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income, and therefore does not track changes in credit risk. The Group considers a loss allowance to be required for 100% of all invoices aged over one year, with adjustments where there is specific information that gives rise to an expectation of recoverability.

To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. Assessing the credit risk on a client by client basis would involve significant cost and effort. As such, credit risk is considered on an office by office basis, as each office can be considered to reflect a particular level of credit risk.

Trade receivables and contract assets are written off when there is no probability of recovery. Indicators would include, failure to make any contractual payments, entering liquidation procedures or clear signs of financial difficulties.

The accrued income amounts relate to unbilled work in progress. Under the ECL provision matrix methodology, the current period loss ratio calculated in respect of current trade receivables, is applied to the whole of the WIP balance after specific provisions, on the basis that all of these amounts are unbilled and therefore fully current.

The Group considers the ageing profile of billings and receivables over a three-year period, being that period over which more than 98% of invoices are collected. The expected loss rates are based on the payment profiles over this period, adjusted by country specific credit default swap rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The loss allowance as at 30 April 2019 and 30 April 2018 for debtors due is set out below. The loss allowance as at 30 April 2019 has been calculated on the basis set out above, whereas the loss allowance as at 30 April 2018 is as calculated in the prior year as there was no material impact of applying IFRS9. The loss rate for 30 days has been wholly applied to the accrued income balance.

Consolidated						
Ageing	Gross trade receivables due		Loss rates		Loss allowance	
	2019	2018	2019	2018	2019	2018
	£m	£m	%	%	£m	£m
30 days	258	236	1.2	0.5	(3)	(1)
60 days	79	74	1.8	1.9	(1)	(1)
90 days	41	50	4.1	2.8	(2)	(1)
180 days	56	60	5.4	4.6	(3)	(3)
1 year	32	31	29.3	11.6	(9)	(4)
3 years	28	26	94.0	99.2	(27)	(26)
Over 3 years	15	18	100.0	100.0	(15)	(18)
	510	495			(60)	(54)
Current	Accrued income		Loss rates		Loss allowance	
	2019	2018	2019	2018	2019	2018
	£m	£m	%	%	£m	£m
	306	300	0.4	0.0	(1)	-

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25. Financial assets and liabilities (continued)

LLP						
Ageing	Gross trade receivables due		Loss rates		Loss allowance	
	2019	2018	2019	2018	2019	2018
	£m	£m	%	%	£m	£m
30 days	128	121	0.7	0.1	(1)	(0)
60 days	34	31	1.3	0.2	(0)	(0)
90 days	14	24	2.8	0.7	(0)	(0)
180 days	25	23	2.9	4.0	(1)	(1)
1 year	12	11	12.8	17.9	(2)	(2)
3 years	10	8	96.1	100.0	(10)	(8)
Over 3 years	3	3	98.3	100.0	(3)	(3)
	226	221			(17)	(14)
Current	Accrued income		Loss rates		Loss allowance	
	2019	2018	2019	2018	2019	2018
	£m	£m	%	%	£m	£m
	130	133	0.3	0.0	(0)	-

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25. Financial assets and liabilities (continued)

Movements in the allowance for doubtful debts were as follows:

	Consolidated	
	2019	2018
	£m	£m
Balance at the beginning of the year	(54)	(61)
ECL model adjustment	(4)	-
Increase in provision	(24)	(49)
Bad debts recovered	9	34
Amounts utilised during the year	16	20
Foreign exchange movements	(3)	2
Balance at the end of the year	<u>(60)</u>	<u>(54)</u>

	LLP	
	2019	2018
	£m	£m
Balance at the beginning of the year	(14)	(19)
ECL model adjustment	(1)	-
Increase in provision	(9)	(22)
Bad debts recovered	4	21
Amounts utilised during the year	3	6
Balance at the end of the year	<u>(17)</u>	<u>(14)</u>

Trade receivables not yet paid are reviewed regularly and provisions are established on a specific basis if collection of the amount due is in doubt. Amounts are written off against the provision once it becomes clear that no further recovery is likely to occur, at which point enforcement activity will cease.

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25. Financial assets and liabilities (continued)

Onerous lease provision

The provisions recorded in respect of onerous leases have been made using estimates of future use, and of the present value of future payments and rental income. The property provision includes the estimated cost of onerous lease commitment in respect of various properties, the majority of which will be utilised within the next 10 years.

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Balance at the beginning of the year	107	117	100	108
Amounts paid / utilised	(11)	(10)	(10)	(8)
Balance at the end of the year	<u>96</u>	<u>107</u>	<u>90</u>	<u>100</u>

Currency profile of financial assets and liabilities

The currency profile of the group's financial assets and liabilities at the balance sheet date was as follows:

	Consolidated		LLP	
	2019	2018	2019	2018
	£m	£m	£m	£m
Financial assets				
GBP	415	365	370	319
USD	127	121	11	14
EUR	250	257	49	50
Other	252	235	62	65
	<u>1,044</u>	<u>978</u>	<u>492</u>	<u>448</u>
Financial liabilities				
GBP	588	531	484	474
USD	13	31	1	1
EUR	42	111	5	69
Other	48	44	3	7
	<u>691</u>	<u>717</u>	<u>493</u>	<u>551</u>

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25. Financial assets and liabilities (continued)

Maturity profile of financial liabilities

The following tables show the maturity profile of the Group's financial liabilities at the balance sheet date:

Consolidated					
	6 months or less £m	6-12 months £m	1-5 years £m	Other £m	Total £m
2019					
Trade and other current payables excluding accruals and deferred income	117	48	95	-	260
Members' capital *	10	-	128	-	138
Onerous lease provision	1	10	54	31	96
Annuities	1	22	73	101	197
	<u>129</u>	<u>80</u>	<u>350</u>	<u>132</u>	<u>691</u>
LLP					
	6 months or less £m	6-12 months £m	1-5 years £m	Other £m	Total £m
2019					
Trade and other current payables excluding accruals and deferred income	53	4	42	-	99
Members' capital *	10	-	128	-	138
Onerous lease provision	-	10	49	31	90
Annuities	-	20	61	85	166
	<u>63</u>	<u>34</u>	<u>280</u>	<u>116</u>	<u>493</u>
Consolidated					
	6 months or less £m	6-12 months £m	1-5 years £m	Other £m	Total £m
2018					
Trade and other current payables excluding accruals and deferred income	157	55	4	26	242
Members' capital *	26	-	133	-	159
Onerous lease provision	5	5	47	50	107
Annuities	1	21	84	103	209
	<u>189</u>	<u>81</u>	<u>268</u>	<u>179</u>	<u>717</u>
LLP					
	6 months or less £m	6-12 months £m	1-5 years £m	Other £m	Total £m
2018					
Trade and other current payables excluding accruals and deferred income	79	19	-	-	98
Members' capital *	26	-	133	-	159
Onerous lease provision	4	4	42	50	100
Annuities	-	19	72	85	176
	<u>109</u>	<u>42</u>	<u>247</u>	<u>135</u>	<u>533</u>

* Members' capital is repayable within six months of a member retiring from the partnership, and accordingly, the maturity of this amount is dependent upon when partners retire. We are unable to accurately measure this for the purpose of building a maturity profile of when members' capital will be settled.

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25. Financial assets and liabilities (continued)

Sensitivity to market risks

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured, including foreign currency denominated intercompany receivables and payables which, although eliminate in the Group's financial statements, the effect on the result of their revaluation under IAS 21, is not fully eliminated.

The most significant currencies to the Group are US Dollars and the Euro. The sensitivity of the Group's income statement to changes in these exchange rates arises from US Dollar and Euro denominated financial instruments including US Dollar and Euro denominated intercompany receivables and payables which do not form part of a net investment in a foreign operation. The impact on other components of equity arises from US Dollar and Euro denominated intercompany receivables and payables which do form part of a net investment in a foreign operation. The Firm does not engage in cash flow hedging activities.

The exchange rates used in the preparation of these financial statements were as follows:

	2019		2018	
	Average rate	Closing rate	Average rate	Closing rate
United States Dollar / £	1.31	1.29	1.34	1.38
Euros / £	1.14	1.16	1.14	1.14

The following table details the Group's sensitivity to a 10% increase or decrease in the strength of Sterling to the US Dollar and to the Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

A positive number below indicates an increase in profit and other equity where Sterling strengthens 10% against the relevant currency. For a 10% weakening of Sterling against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Consolidated			
	Impact on post-tax profit		Impact on other components of equity	
	2019 £m	2018 £m	2019 £m	2018 £m
Sterling 10% stronger against US Dollar	(15)	(18)	2	3
Sterling 10% stronger against Euro	(9)	(8)	12	11

	LLP			
	Impact on post-tax profit		Impact on other components of equity	
	2019 £m	2018 £m	2019 £m	2018 £m
Sterling 10% stronger against US Dollar	(6)	(10)	(4)	(2)
Sterling 10% stronger against Euro	(7)	(7)	1	-

The Group's net interest is £nil and accordingly the sensitivity of the group's profits and financial assets and liabilities to changes in interest rates is insignificant.

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26. Operating leases

Lease payments under operating leases recognised in the consolidated income statement for the year:

	2019	2018
	£m	£m
Property rent and charges	89	110
Other	1	1
Total operating lease payments	<u>90</u>	<u>111</u>

At the balance sheet date, outstanding commitments under non-cancellable operating leases, were as follows:

	2019	2018
	£m	£m
Property rent		
Less than one year	114	108
Between one and five years	430	417
More than five years	353	379
	<u>897</u>	<u>904</u>
Other leases		
Less than one year	2	2
Between one and five years	1	2
	<u>3</u>	<u>4</u>
Rent - subtenant income receivable under operating leases		
Less than one year	(30)	(25)
Between one and five years	(115)	(91)
More than five years	(103)	(81)
	<u>(248)</u>	<u>(197)</u>