

Registered number OC326345

Linklaters

Consolidated Accounts
of Linklaters LLP
for the year ended
30 April 2014.



Report to the Members

Report to the Members.....	2
Independent Auditor's Report to the Members.....	6
Consolidated Profit and Loss Account.....	8
Consolidated Statement of Total Recognised Gains and Losses.....	8
Consolidated Balance Sheet.....	9
Limited Liability Partnership Balance Sheet.....	10
Consolidated Cash Flow Statement.....	11
Notes to the financial statements.....	12

Report to the Members

The International Board and Executive Committee submit their report together with the audited consolidated financial statements of Linklaters LLP and its subsidiary undertakings for the year ended 30 April 2014.

Group structure

Linklaters LLP is a limited liability partnership registered in England and Wales with the registration number OC326345 and is incorporated under the Limited Liability Partnerships Act 2000.

Linklaters is the collective name for the legal practice comprising Linklaters LLP and its group of affiliated undertakings. The consolidated financial statements incorporate the financial statements of Linklaters LLP and its subsidiary entities. The consolidated results for the years ended 30 April 2014 and 2013 represent an aggregation of all entities controlled by Linklaters LLP which may be branches, partnerships or separate corporate entities ("the group"). The subsidiary and associated undertakings principally affecting the profits or net assets of the group in the year are listed in note 11 to the financial statements. In this report and accounts, Linklaters, or the firm, means Linklaters LLP (or "the LLP") and the other partnerships, corporations and other undertakings which are authorised to carry the name "Linklaters" or to describe themselves as being "in association with Linklaters LLP" (or similar expressions). A list of members' names, and of the non-members who are designated as partners, is available for inspection at One Silk Street, London EC2Y 8HQ, which is also Linklaters LLP's principal place of business and registered office.

Principal activity

The principal activity of Linklaters is the provision of legal services. During the period covered by these financial statements, the firm operated through a network of offices in Asia, Europe, the Middle East and the Americas. The firm also has alliance arrangements with independent firms in Australia and Africa. Its headquarters is in London.

Business operations review

For the year ended 30 April 2014, the firm achieved a strong financial result, with all of our practice groups delivering a stable or improved performance. In particular, significant demand for our services has come from banks and financial services clients with contentious and non-contentious regulatory enforcement work, litigation and arbitration being particularly active.

The strength of the firm's financial performance is in no small measure the result of a relentless focus on delivering not only outstanding quality, but also an ever more efficient service to our clients. The firm invested heavily in bringing non-legal project management skills to the running of our largest deals and matters; in technology such as document automation, litigation and document comparison tools; in efficiency and flexible resourcing, making the best possible use of paralegals and of our outsourcing arrangements; and in knowledge, providing a tailored infrastructure that allows our people to maximise knowledge resources for the benefit of our clients.

Going concern

The International Board ("IB") has a reasonable expectation that the LLP and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis of accounting in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Report to the Members

Management and designated members

Linklaters LLP is managed and governed through two senior management boards. The IB is the governance body for the firm, responsible for strategic and other major decisions, and ensuring effective consultation across the firm. The IB meets on a regular basis and is elected by members in a manner reflecting the geographic and practice spread of the firm. The Executive Committee is the senior management committee of the firm, responsible to the IB for the sound management of the firm. It generally meets fortnightly and is responsible for key management decisions as well as for making recommendations to the IB and, where appropriate, through the IB to members, in relation to the major strategic decisions the firm takes. During the year it comprised the firm-wide managing partner, heads of the firm's practice divisions, regions and client sectors, together with the firm's Chief Finance and Operations Officer. Both senior management bodies vary the location of meetings between offices around the world and also operate through subcommittees that have delegated authority for specific areas within their remit. One such subcommittee is the Audit Committee, comprising six members appointed by the IB. The Audit Committee has delegated authority from the IB to consider the key audit findings, to review financial information and make recommendations to the IB as to the settling of the firm's accounts.

The designated members (as defined in the Limited Liability Partnerships Act 2000) of Linklaters LLP during the year were:

Robert Elliott
Simon Davies

Members' profit shares, drawings and capital

There are a number of individuals who, for a variety of reasons, are not members of the LLP but who have the equivalent standing, status or qualifications of a member of the LLP and who are designated as partners. These individuals are generally remunerated on an equivalent basis to members.

Where an individual receives his/her remuneration as an employee or consultant this is shown within "staff costs" in the notes to the consolidated profit and loss account. Remuneration that is payable to a member that falls to be treated as a charge against profits rather than an allocation of profits is separately disclosed as "members' remuneration charged as an expense".

In the balance sheet, the amounts shown as 'members' interests' and 'amounts due from members' relate to amounts due to and from members of Linklaters LLP. Balances due to individuals remunerated as directors, employees or consultants are shown in other creditors.

Members are remunerated solely out of the profits of Linklaters and are required to make their own provision for pensions and other benefits. Final allocation of profits to members is determined by the IB, following a recommendation by the Executive Committee.

The final profits of the year are only possible to calculate, divide and allocate to members in the summer following the financial year-end. As members draw a proportion of their expected profit share during the year before the profits for that year have been divided and allocated, by the year-end their accounts with Linklaters are generally in deficit. These balances are shown in the Consolidated Balance Sheet as "amounts due from members". Once the profits of the year have been divided then the member accounts are in surplus by the amounts retained to settle their tax liabilities and their share of the year's profits not yet distributed. These balances then become a creditor of the LLP. Payment of members' profit share is made subject to the cash requirements of the firm, following approval by the IB.

Report to the Members

Financing

The firm is financed through a mixture of bank facilities, members' own capital and undistributed profits. Members subscribe capital interest free. The amount of capital per profit sharing unit is determined by the IB with reference to the future requirements of the firm, with the approval by a simple majority of members for any increase that would require members to contribute more than £20,000 per profit sharing unit. Capital is normally repaid to members between one and six months from them ceasing to be members of Linklaters. The members intend that capital will not fall below £40 million. Capital below this level is only repayable with the prior approval of the IB and is shown in the financial statements as equity with the remaining capital disclosed as a liability.

Corporate responsibility

The firm will be publishing a separate review of its corporate responsibility activities.

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the group at the end of the financial year and of the profit or loss of the group for that financial year. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the IB on behalf of the members.

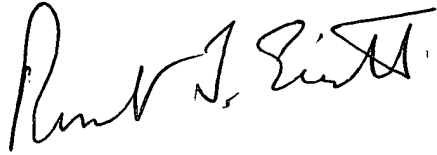
Auditor

The independent auditor of Linklaters LLP is Deloitte LLP who will be proposed for reappointment. Deloitte LLP have expressed their willingness to continue in office as auditors.

Report to the Members

Approval

Approved by the IB to be signed on behalf of the Members on **23** October 2014 by

A handwritten signature in black ink, appearing to read 'Robert Elliott', written in a cursive style.

Robert Elliott
Designated Member

Independent auditor's report to the Members of Linklaters LLP

We have audited the financial statements of Linklaters LLP for the year ended 30 April 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and LLP Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent LLP's affairs as at 30 April 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships.

Independent auditor's report to the Members of Linklaters LLP

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to limited liability partnerships requires us to report to you if, in our opinion:

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



John Charlton FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

23 October 2014

Consolidated Profit and Loss Account and Statement of Total Recognised Gains and Losses

Consolidated Profit and Loss Account

	Notes	2014 £'000	2013 £'000
Turnover	3	1,250,181	1,193,054
Operating costs			
Staff costs	5	(597,201)	(565,873)
Depreciation, amortisation and impairment		(18,496)	(18,219)
Other operating expenses		<u>(239,833)</u>	<u>(237,956)</u>
Operating profit		394,651	371,006
Interest receivable and similar income		646	1,066
Interest payable and similar charges		<u>(186)</u>	<u>(599)</u>
Profit before taxation	2	395,111	371,473
Taxation	6	<u>(18,326)</u>	<u>(18,620)</u>
Profit before members' remuneration and profit shares		376,785	352,853
Members' remuneration charged as an expense		<u>(2,776)</u>	<u>(2,269)</u>
Result for the financial year available for discretionary division among members		<u>374,009</u>	<u>350,584</u>

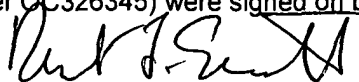
Consolidated Statement of Total Recognised Gains and Losses

	Notes	2014 £'000	2013 £'000
Result for the financial year available for discretionary division among members		374,009	350,584
Exchange differences on translation of foreign operations		(2,402)	3,684
Net actuarial gain / (loss) on defined benefit pension and post retirement benefit schemes (net of tax)	21/22	<u>509</u>	<u>(2,527)</u>
Total recognised gains and losses for the year attributable to members		<u>372,116</u>	<u>351,741</u>

Consolidated Balance Sheet

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	9	62,122	65,253
Current assets			
Debtors	12	570,567	558,433
Amounts due from members	16	87,799	74,769
Deposits, bank balances and cash in hand		142,591	143,078
		<u>800,957</u>	<u>776,280</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(304,070)	(286,452)
Net current assets		<u>496,887</u>	<u>489,828</u>
Total assets less current liabilities		559,009	555,081
Creditors: amounts falling due after more than one year	14	(38,269)	(37,570)
Provisions for liabilities and charges	15	(47,376)	(56,915)
Pension scheme deficit	21	(4,829)	(6,818)
Other post-retirement benefit scheme deficit	22	(1,632)	(1,526)
Net assets attributable to members		<u>466,903</u>	<u>452,252</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability	16	74,057	75,549
Members' other interests			
Members' capital classified as equity	16	40,000	40,000
Members' other interests - other reserves classified as equity	16	352,846	336,703
Total Members' other interests		<u>392,846</u>	<u>376,703</u>
		<u>466,903</u>	<u>452,252</u>
Total members' interests			
Amounts due from members	16	(87,799)	(74,769)
Loans and other debts due to members	16	74,057	75,549
Members' other interests	16	392,846	376,703
		<u>379,104</u>	<u>377,483</u>

As authorised by the International Board on **23** October 2014 these accounts of Linklaters LLP (Registered Number OC326345) were signed on behalf of the members on **23** October 2014 by:



Robert Elliott
Senior Partner



Simon Davies
Managing Partner

Limited Liability Partnership Balance Sheet

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	10	9,848	10,494
Investments	11	88,099	89,604
		<u>97,947</u>	<u>100,098</u>
Current assets			
Debtors	12	877,857	766,715
Amounts due from members	17	87,799	74,769
Deposits, bank balances and cash in hand		111,109	110,301
		<u>1,076,765</u>	<u>951,785</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(733,876)	(617,941)
Net current assets		<u>342,889</u>	<u>333,844</u>
Total assets less current liabilities		440,836	433,942
Creditors: amounts falling due after more than one year	14	(13,193)	(13,455)
Provisions for liabilities and charges	15	(40,796)	(47,797)
Other post-retirement benefit scheme deficit	22	(880)	(801)
Net assets attributable to members		<u>385,967</u>	<u>371,889</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability	17	<u>74,057</u>	<u>75,549</u>
Members' other interests			
Members' capital classified as equity	17	40,000	40,000
Members' other interests - other reserves classified as equity	17	<u>271,910</u>	<u>256,340</u>
Total Members' other interests		<u>311,910</u>	<u>296,340</u>
		<u>385,967</u>	<u>371,889</u>
Total members' interests			
Amounts due from members	17	(87,799)	(74,769)
Loans and other debts due to members	17	74,057	75,549
Members' other interests	17	<u>311,910</u>	<u>296,340</u>
		<u>298,168</u>	<u>297,120</u>

As authorised by the International Board on ²³ October 2014 these accounts of Linklaters LLP (Registered Number OC326345) were signed on behalf of the members on ²³ October 2014 by:



Robert Elliott
Senior Partner



Simon Davies
Managing Partner

Consolidated cash flow statement

		2014 £'000	2013 £'000
	<i>Note</i>		
Net cash inflow from operating activities	18	409,880	394,377
Returns on investment and servicing of finance			
Net interest (paid) / received		(369)	110
Corporation taxation paid		(20,374)	(23,045)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(16,204)	(17,948)
Receipts from sales of tangible fixed assets		<u>7</u>	<u>902</u>
		(16,197)	(17,046)
Transactions with members and non-members			
Distributions to and on behalf of members		(366,320)	(317,920)
Net capital returned to members		(4,457)	(17,058)
Net capital returned to non-members		<u>(613)</u>	<u>(2,852)</u>
		(371,390)	(337,830)
Increase in cash in the year		<u><u>1,550</u></u>	<u><u>16,566</u></u>

1 Statement of accounting policies

Linklaters LLP is a limited liability partnership registered in England and Wales with offices in major business and financial centres around the world, incorporated on 27 February 2007. Prior to 1 May 2007 Linklaters carried out its business through an English law partnership called "Linklaters" which transferred substantially all of its assets to Linklaters LLP on 1 May 2007.

1.1 Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with both the Statement of Recommended Practice (SORP) on accounting by Limited Liability Partnerships (LLPs) and accounting standards applicable in the United Kingdom. The accounting policies have been applied consistently in both the current and preceding years.

1.2 Basis of preparation

The consolidated financial statements incorporate the financial statements of Linklaters LLP and its subsidiary entities. The consolidated results for the years ended 30 April 2014 and 2013 represent an aggregation of all entities controlled by Linklaters LLP which may be branches, partnerships or separate corporate entities.

In this document, Linklaters means Linklaters LLP and the other partnerships, corporations and undertakings which are controlled by Linklaters LLP.

1.3 Members' remuneration

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

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

Members' remuneration charged as an expense includes all remuneration that does not relate to profit share.

1.4 Financial liabilities and equity

Members subscribe capital interest free. The amount of capital per profit sharing unit is determined by the International Board with reference to the future requirements of the firm, with the approval by a simple majority of members for any increase that would require members to contribute more than £20,000 per profit sharing unit. Capital is normally repaid to members within six months of them ceasing to be members of Linklaters. The members intend that capital will not fall below £40 million. Capital below this level is only repayable with the prior approval of the International Board and is shown in the financial statements as equity with the remaining capital disclosed as a liability.

1.5 Revenue

Total revenue comprises professional charges and additional services, which Linklaters may charge when invoicing clients, e.g. photocopying, excluding external disbursements charged to clients and value added tax, with adjustments made for any

1 Statement of accounting policies (continued)

deferred or accrued income. Professional fees rendered to clients before the year end, where Linklaters does not have 'right to consideration' as defined in Application Note G to Financial Reporting Standard 5 "Reporting the substance of transactions", is treated as deferred income. In respect of client matters not invoiced at the year end, where Linklaters has a 'right to consideration' as at the year end, an estimate of accrued income is recorded, based on the value of work to date.

1.6 Fixed assets

Tangible fixed assets are stated at cost less any provision for impairment and are depreciated at rates calculated to write off their cost in equal annual instalments over their estimated useful economic lives, as follows:

(i) Properties - commercial

<i>Leasehold property</i>	over the term of the lease or if greater 4% pa
<i>Improvements to property</i>	over the term of the lease or if greater 20% pa

(ii) Plant and equipment

<i>Computers and ancillary equipment, including operating software</i>	15% to 33 ¹ / ₃ % pa
<i>Other plant and equipment</i>	25% pa

Renewals of tangible fixed assets (other than freehold and leasehold property) are amortised to the profit and loss account over a period not exceeding three years. A renewal comprises expenditure on existing or replacement fixed assets; any improvement to, or enhancement of, the operating capability of the asset is incidental to the main purpose of such expenditure which is to replace or refurbish fixed assets which have come to the end of their useful lives.

(iii) Software

Computer software comprises operating software and applications software.

Operating software comprises computer programmes essential to the operation of a computer system, whereas applications software performs the business functions required by computer users. Operating software acquired as an integral part of the related hardware is depreciated over the same period as that hardware. Expenditure on operating software which is subject to periodic licence payments is written off to the profit and loss account in the year in which the expenditure is incurred. Applications software is amortised to the profit and loss account over its expected economic life, not exceeding a period of three years, except for SAP applications software which is depreciated over five years.

1.7 Investments

Investments held as fixed assets are stated at cost less provision for impairment in value.

Short-term investments are stated at cost and included within current assets.

1 Statement of accounting policies (continued)

1.8 Leases

Tangible fixed assets funded by finance leases, or acquired under hire purchase contracts which have the characteristics of finance leases, are included in the balance sheet at the fair value of the leased assets at the inception of the leases, less depreciation based on their estimated useful economic lives, or the lease periods, if less. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term in accordance with the rate of interest specified in the lease.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the appropriate period of the leases.

1.9 Provisions

A provision is recognised in the balance sheet when there is a present obligation as a result of a past event, and it is probable that Linklaters will be required to settle the obligation. Provisions are estimated by the IB and are discounted to the present value of the obligation where material.

1.10 Taxation

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Income tax

The taxation payable on the profits of limited liability partnerships is usually the personal liability of the individual members. An amount is retained from each members profit share to cover the estimated associated tax liability of the individual. These are held in members' other reserves in the balance sheet.

In some jurisdictions income tax payable on profits is the liability of the relevant limited liability partnership. The tax liabilities of these entities are recorded as charges to the profit and loss account and liabilities in the balance sheet as appropriate.

1 Statement of accounting policies (continued)

1.11 Pension costs and post-retirement costs other than pensions

Defined benefit

Amounts charged to operating profit with respect to the defined benefit pension scheme and the post-retirement healthcare scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of Linklaters, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is recorded in the balance sheet.

Defined contribution

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between pension contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Actuarial gains and losses - Statement of Total Recognised Gains and Losses

A separate reserve is set aside to account for the movements arising from actuarial gains and losses reported in the Statement of Total Recognised Gains and Losses. Actuarial gains are held within revenue reserves and not included within distributable profit. There is inherent volatility within FRS 17 actuarial assumptions; as such Linklaters does not distribute actuarial gains (except to the extent of any deficit previously deducted from distributable profit) in order to ensure that exceptional gains and losses are distributed equitably and over an appropriate period of time.

1.12 Annuities

Linklaters has a small number of different arrangements with former partners in respect of annuities. Full provision is made for future obligations under annuity arrangements by estimating the net present value of expected cash outflows resulting from this obligation.

1.13 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if applicable, at the related forward contract rate. All monetary assets and liabilities expressed in foreign currencies are retranslated into local currency at rates of exchange ruling at the end of the year. Differences between the translated

1 Statement of accounting policies (continued)

trading transactions and subsequent cash settlements, or retranslated monetary assets and liabilities, are recorded in the profit and loss account.

The fixed assets of, and amounts due to or from, overseas offices denominated in foreign currency are translated into sterling at the rates ruling on the balance sheet date.

For consolidation purposes, the profit and loss account and cash flows for entities within Linklaters for any year are translated into sterling at the average rates of exchange ruling over the year. Balance sheet items are translated at closing rates of exchange.

Any exchange gains and losses resulting from the translation of foreign operations are recorded in reserves.

1.14 Going concern

The business activities of the group and LLP, together with the factors likely to affect their future development, performance and position are set out in the Report to Members.

The applicability of the going concern basis is dependent upon the continued availability of sufficient funding for the operations of the group and the LLP. The main sources of funding are partners' capital and retained profits. Regular financial forecasts are prepared to monitor the firm's funding requirements. 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 group and LLP also have significant cash holdings and committed bank facilities.

After making enquiries, including consideration of the position and performance of Linklaters LLP, the members have a reasonable expectation that the firm has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements

2 Profit before taxation

	2014 £'000	2013 £'000
Profit before taxation is stated after charging / (crediting)		
Depreciation of tangible fixed assets	18,496	18,219
Loss on the sale of tangible fixed assets	10	135
<i>Rentals under operating leases</i>		
Land and buildings	54,426	54,691
Plant and machinery	134	143
Net foreign exchange loss / (gain)	12,208	(4,830)

Interest charged and credited during the year related to bank and loan interest, with the exception of £0.1 million (2013: £0.3 million) which related to interest payable on pension scheme and post-retirement healthcare scheme liabilities.

3 Segmental reporting

Segmental information is not disclosed as the Members believe it would be prejudicial to the firm.

4 Auditor remuneration

	2014 £'000	2013 £'000
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	178	164
<i>Fees payable to the LLP's auditor and its associates for other services:</i>		
The audit of the LLP's associated undertakings, pursuant to legislation	413	419
Total fee for audit services	591	583
Other services required pursuant to legislation	94	87
Other services relating to taxation	419	581
Other services	348	189
Total fee for non-audit services	861	857

In addition to the amounts noted above, Linklaters has incurred £0.5 million (2013: £0.5 million) of charges from the LLP's auditor in respect of personal tax advice provided to members.

Notes to the financial statements

5 Staff and staff costs

	2014	2013
	No.	No.
The average number of people employed, including for these purposes self-employed lawyers engaged exclusively on work for the firm, during the year was:		
Practising lawyers	2,325	2,290
Business service employees and secretaries	2,021	1,990
	<u>4,346</u>	<u>4,280</u>
	2014	2013
	£'000	£'000
Staff costs incurred during the year in respect of employees were:		
Salaries (including employee bonus)	517,829	489,812
Social security costs	34,095	32,471
Pension costs	13,269	12,832
Other staff related costs	32,008	30,758
	<u>597,201</u>	<u>565,873</u>

Notes to the financial statements

6 Taxation

Reconciliation of corporate tax charge

	2014 £'000	2013 £'000
Current tax:		
UK corporation tax	4,504	4,850
Foreign tax for current period	13,821	13,971
	<u>18,325</u>	<u>18,821</u>
Current year tax charge	18,325	18,821
Adjustments in respect of prior years	(397)	(266)
Deferred tax	398	65
	<u>18,326</u>	<u>18,620</u>
	2014 £'000	2013 £'000
Profits on ordinary activities before taxation	395,111	371,473
Less: amounts subject to personal tax	(353,407)	(316,262)
	<u>41,704</u>	<u>55,211</u>
Profits of the LLP and corporate entities subject to taxation		
Tax at the corporation tax rate of 21% (2013: 23%)	8,758	12,699
<i>Factors affecting the charge for the year</i>		
Expenses not deductible for tax purposes in the period	3,224	3,239
Tax losses	3,230	542
Different rates of tax/accounting basis on/for overseas earnings	3,511	2,408
Adjustments in respect of prior years	(397)	(268)
	<u>18,326</u>	<u>18,620</u>
Current tax charge for the period		

7 Members' share of profits

The IB determines the amount of profits to be distributed, which are divided among members on a gross basis before income tax charges, in line with agreed profit sharing arrangements. On becoming equity members, most members receive between seven and ten profit sharing units ("parts"), although in certain circumstances a lower entry point may be agreed. Parts entitlement normally increases by 1.5 parts per year to a maximum of 25. The parts entitlement in certain jurisdictions is reduced by a factor to reflect the local market for legal services.

Members' remuneration charged as an expense comprises remuneration of certain members who are members of Linklaters LLP but who receive remuneration determined other than by reference to profit sharing arrangements. Members do not receive any interest on their capital contributions.

The average number of members during the year was 289 (2013: 291). The profit and remuneration of the highest paid member of Linklaters LLP was £2.4 million (2013: £2.3 million). The total profit and remuneration payable to any member in a particular year can be substantially above that of a member on full profit entitlement because of compensation for such costs as tax and accommodation payable to members on secondment to other jurisdictions, or because of payments associated with joining or retiring from Linklaters LLP.

8 Profit attributable to the Limited Liability Partnership

The profit for the financial year of the parent undertaking, Linklaters LLP, was £369.8 million (2013: £333.6 million). As permitted by Section 408 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), no separate profit and loss account is presented in respect of the Parent LLP.

Notes to the financial statements

9 Tangible fixed assets - Consolidated

	Leasehold Properties	Plant & equipment	Software	Total
	£'000	£'000	£'000	£'000
<i>Cost:</i>				
At 1 May 2013	168,547	99,575	68,983	337,105
Additions during the year	7,221	5,579	3,404	16,204
Disposals during the year	(158)	(923)	-	(1,081)
Exchange differences	(3,075)	(2,711)	(70)	(5,856)
At 30 April 2014	172,535	101,520	72,317	346,372
<i>Accumulated depreciation:</i>				
At 1 May 2013	122,689	86,936	62,227	271,852
Provided during the year	9,946	5,734	2,816	18,496
Disposals during the year	(154)	(910)	-	(1,064)
Exchange differences	(2,418)	(2,502)	(114)	(5,034)
At 30 April 2014	130,063	89,258	64,929	284,250
<i>Net book value:</i>				
At 30 April 2014	42,472	12,262	7,388	62,122
At 30 April 2013	45,858	12,639	6,756	65,253

The net book value of properties comprises:

	2014	2013
	£'000	£'000
Improvements to leasehold properties	42,472	45,858

Notes to the financial statements

10 Tangible fixed assets - Limited Liability Partnership

	Leasehold Properties	Plant & equipment	Software	Total
	£'000	£'000	£'000	£'000
<i>Cost:</i>				
At 1 May 2013	38,793	29,737	1,079	69,609
Additions during the year	3,137	1,682	203	5,022
Disposals during the year	(415)	(462)	(173)	(1,050)
Exchange differences	(2,158)	(1,305)	(39)	(3,502)
At 30 April 2014	39,357	29,652	1,070	70,079
<i>Accumulated depreciation:</i>				
At 1 May 2013	30,971	27,368	776	59,115
Provided during the year	3,311	1,504	126	4,941
Disposals during the year	(99)	(629)	-	(728)
Exchange differences	(1,761)	(1,303)	(33)	(3,097)
At 30 April 2014	32,422	26,940	869	60,231
<i>Net book value:</i>				
At 30 April 2014	6,935	2,712	201	9,848
At 30 April 2013	7,822	2,369	303	10,494
<i>The net book value of properties comprises:</i>			2014	2013
			£'000	£'000
Improvements to leasehold properties			6,935	7,822

Notes to the financial statements

11 Investments

	Country of incorporation/ registration or operation	Proportion of ordinary shares ownership
<i>At 30 April 2014, Linklaters LLP had investments in the following entities:</i>		
Linklaters Business Services Holdings	England and Wales	100%
Linklaters Business Services Holdings (H.K.) Limited	Hong Kong	100%
Linklaters Business Services Europe B.V.	Netherlands	100%
Linklaters (Central & Eastern Europe) B.V.	Netherlands	100%
Linklaters CIS	England and Wales	100%
Linklaters (Europe) Holdings	England and Wales	100%
Linklaters (HK) Limited	Hong Kong	100%
Hackwood Nominees Limited	England and Wales	100%
Hackwood Secretaries Limited	England and Wales	100%
Hackwood Services Singapore (Private) Limited	Singapore	100%

At 30 April 2014, Linklaters LLP had the power to exercise or actually exercises dominant influence or control over the following principal entities or partnerships:

Linklaters Consultores em Direito Estrangeiro	Brazil	-
Studio Legale Associato	Italy	-
Gaikokuho Kyodo Jigyo Horitsu Jimusho Linklaters ("GKJ")	Japan	-
Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa	Poland	-
Linklaters, Hong Kong	England and Wales/Hong Kong	-
Linklaters Singapore Pte. Ltd.	Singapore	-
Linklaters, S.L.P	Spain	-
Linklaters Advokatbyrå Aktiebolag	Sweden	-
Linklaters (Thailand) Ltd	Thailand	-

	LLP	
	2014 £'000	2013 £'000
Investments at start of year	89,604	88,803
Write-down of investments	-	-
Exchange differences	(1,505)	801
Investments at end of year	<u>88,099</u>	<u>89,604</u>

The investment balance in Linklaters LLP represents the value of the ordinary share capital that it owns in Linklaters Business Services Holdings, Linklaters Business Services Holdings (H.K.) Limited, Linklaters Business Services Europe B.V., Linklaters (Central & Eastern Europe) B.V., Linklaters CIS, Linklaters (Europe) Holdings, Linklaters (HK) Limited, Hackwood Nominees Limited, Hackwood Secretaries Limited and Hackwood Services Singapore (Private) Limited.

11 Investments (continued)

Linklaters Business Services Holdings is the Holding Company for Linklaters Business Services ("LBS"). LBS provides staff and services to Linklaters LLP and in consideration of the services provided by the company to Linklaters LLP, Linklaters LLP pays the company a service fee.

Linklaters Business Services Holdings (H.K.) Limited is the Holding Company for Linklaters Business Services (H.K.) Limited. Linklaters Business Services (H.K.) Limited provides staff and services to the Hong Kong office.

Linklaters Business Services Europe B.V. provides staff and services to Linklaters (Central & Eastern Europe) B.V.

Linklaters (Central & Eastern Europe) B.V. is the Holding Company for Linklaters Poland Sp.z.o.o, which is a limited partner for Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa.

Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa provides legal services to clients in Poland.

Linklaters CIS provides legal services to clients in Russia.

Linklaters (Europe) Holdings is the Holding Company for Linklaters Advokatbyrå Aktiebolag, which provides legal services to clients in Sweden.

Linklaters (HK) Limited is the Holding Company for Linklaters Business Services (Nominees) Limited and Linklaters Business Services (Secretaries) Limited.

Hackwood Nominees Limited is the Holding Company for BH London Co.

Hackwood Secretaries Limited provides company secretarial services to Linklaters LLP's clients and is the Holding Company for Holdco Limited, Linklaters & Alliance Limited, Hackwood Directors Limited, Blueflagdotcom Limited, Blueflag.com Limited, Hacksub Limited and Linklaters Blue Flag Limited.

Hackwood Services Singapore (Private) Limited provides management services in Asia.

At 30 April 2013 the LLP held an investment of £1 in LBSH Ltd, the Holding company for Link – Info Business Services India Private Limited. During the year the LLP's investment in LBSH Ltd was written off due to the decision made by the LLP that operations in India will cease during 2014 and as such the investment will not be recoverable. Amounts owed to the LLP by LBSH Ltd have been written down.

Notes to the financial statements

12 Debtors

	<u>Consolidated</u>		<u>LLP</u>	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	359,292	330,866	284,780	262,378
Unbilled revenue	157,387	161,798	123,468	130,548
Other debtors	22,698	35,177	8,974	18,056
Amounts due from other group undertakings	-	-	447,387	342,689
Prepayments	31,190	30,592	13,248	13,044
	<u>570,567</u>	<u>558,433</u>	<u>877,857</u>	<u>766,715</u>

13 Deferred tax asset

<i>Analysis of deferred tax balance</i>	2014	2013
<i>(within other debtors):</i>	£'000	£'000
Capital allowances less than depreciation	1,543	1,645
Short-term timing differences	<u>347</u>	<u>286</u>
Deferred tax asset	<u>1,890</u>	<u>1,931</u>
 <i>Reconciliation between opening and closing deferred tax balances:</i>	 2014	 2013
	£'000	£'000
Opening deferred tax asset	1,931	1,988
Adjustment to opening balance	(5)	8
Charged to profit and loss account	(398)	(65)
Amount taken against FRS 17 provision	<u>362</u>	<u>-</u>
Closing deferred tax asset	<u>1,890</u>	<u>1,931</u>

14 Creditors

	<u>Consolidated</u>		<u>LLP</u>	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade creditors	21,909	24,488	14,151	15,817
Accruals	121,277	119,733	81,408	78,007
Corporation tax	6,613	8,661	1,834	3,532
Other taxes and social security	25,361	9,751	24,918	20,923
Amounts due to other group undertakings	-	-	551,495	435,891
Other creditors	120,349	112,572	51,820	52,874
Amounts payable to non-members	8,561	11,247	8,250	10,897
	<u>304,070</u>	<u>286,452</u>	<u>733,876</u>	<u>617,941</u>

Notes to the financial statements

14 Creditors (continued)

As at 30 April 2014, the consolidated balance for creditors due after one year was £38.3 million (FY13: £37.6 million). The LLP balance for creditors due after one year was £13.2 million (FY13: £13.5 million). All balances relate to other creditors.

15 Provisions

	<u>Consolidated</u>		<u>LLP</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<i>Post-retirement benefits including annuities:</i>				
At start of year	15,502	24,409	15,166	24,200
Utilised to profit and loss	(1,370)	(8,907)	(1,190)	(9,034)
At end of year	14,132	15,502	13,976	15,166
<i>Property:</i>				
At start of year	19,533	16,901	10,751	5,780
(Utilised) / charged to profit and loss	(7,080)	2,632	(3,890)	4,971
At end of year	12,453	19,533	6,861	10,751
<i>Other:</i>				
At start of year	21,880	20,491	21,880	20,491
(Utilised) / charged to profit and loss	(1,089)	1,389	(1,921)	1,389
At end of year	20,791	21,880	19,959	21,880
	47,376	56,915	40,796	47,797

The provision for post-retirement benefits relates to commitments under the Linklaters Members Agreement to make payments to former members when they leave the firm on retirement.

Both annuities and early retirement payments are unconditional if certain age and length of service conditions are met and as neither annuities or early retirement payments require board approval, they are provided for in full, with a discounted cash flow approach used to determine the liability.

The property provision relates to onerous lease commitments.

Notes to the financial statements

16 Members' interests - consolidated

	Members' other interests		Total	Loans and other debts		Total members' interests
	Members' capital	Other reserves		due to/(from) members	members' capital classified as a liability	
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at 1 May 2013	40,000	336,703	376,703	(74,769)	75,549	377,483
Profit for the financial year available for division among members	-	374,009	374,009	-	-	374,009
Members' interests including profit for the year	40,000	710,712	750,712	(74,769)	75,549	751,492
Allocated profit	-	(355,973)	(355,973)	355,973	-	-
Differences on translation of foreign operations	-	(2,402)	(2,402)	-	-	(2,402)
Actuarial gain on pension scheme	-	509	509	-	-	509
Payments to and on behalf of members	-	-	-	(368,343)	-	(368,343)
Capital transferred from amounts due to members	-	-	-	(660)	660	-
Capital introduced	-	-	-	-	7,721	7,721
Capital repaid to members	-	-	-	-	(9,873)	(9,873)
Members' interests at 30 April 2014	<u>40,000</u>	<u>352,846</u>	<u>392,846</u>	<u>(87,799)</u>	<u>74,057</u>	<u>379,104</u>

In the event of Linklaters LLP being wound-up, the members' capital disclosed as a liability ranks after unsecured creditors of Linklaters LLP.

Notes to the financial statements

17 Members' interests - Limited Liability Partnership

	Members' other interests		Total	Loans and other debts		Total members' interests
	Members' capital	Other reserves		due to/(from) members	members' capital classified as a liability	
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at 1 May 2013	40,000	256,340	296,340	(74,769)	75,549	297,120
Profit for the financial year available for division among members	-	369,774	369,774	-	-	369,774
Members' interests including profit for the year	40,000	626,114	666,114	(74,769)	75,549	666,894
Allocated profit	-	(352,087)	(352,087)	352,087	-	-
Differences on translation of foreign operations	-	(1,990)	(1,990)	-	-	(1,990)
Actuarial loss on pension scheme	-	(127)	(127)	-	-	(127)
Payments to and on behalf of members	-	-	-	(364,457)	-	(364,457)
Capital transferred from amounts due to Members	-	-	-	(660)	660	-
Capital introduced	-	-	-	-	7,721	7,721
Capital repaid to Members	-	-	-	-	(9,873)	(9,873)
Members' interests at 30 April 2014	<u>40,000</u>	<u>271,910</u>	<u>311,910</u>	<u>(87,799)</u>	<u>74,057</u>	<u>298,168</u>

Notes to the financial statements

18 Reconciliation of profit on ordinary activities to operating cash flows

	2014 £'000	2013 £'000
Operating profit on ordinary activities	394,651	371,006
Members' remuneration charged as an expense	(2,776)	(2,269)
Depreciation and amortisation	18,496	18,219
Loss on sale of fixed assets	10	135
Net increase in debtors	(11,597)	(5,390)
Net increase in creditors	22,518	14,813
Net decrease in provisions	(11,422)	(2,137)
Net cash inflow from operating activities	<u>409,880</u>	<u>394,377</u>

19 Analysis of changes in net funds

	At 1 May 2013 £'000	Cash flows £'000	Other non-cash movements £'000	Exchange adjustments £'000	At 30 April 2014 £'000
Cash	143,078	1,550	-	(2,037)	142,591
Capital due to members	(75,549)	4,457	(2,965)	-	(74,057)
Capital due to non-members	(37,570)	613	(1,312)	-	(38,269)
Net funds	<u>29,959</u>	<u>6,620</u>	<u>(4,277)</u>	<u>(2,037)</u>	<u>30,265</u>

20 Operating lease commitments

Linklaters is committed to make the following payments during the forthcoming year in respect of operating leases expiring:

	2014		2013	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	2,784	184	4,225	186
Between two and five years	17,602	119	17,811	317
After five years	42,704	-	39,861	-
	<u>63,090</u>	<u>303</u>	<u>61,897</u>	<u>503</u>

Linklaters has no significant capital commitments.

21 Pension schemes

The LLP operates a defined benefit pension scheme for which an amount of £nil (2013: £nil) was charged during the year. Additionally, a defined contribution pension scheme is operated in the UK for which the charge for the year amounts to £8.1 million (2013: £7.5 million). Amounts unpaid at the year end amount to £nil (2013: £nil). Other pension costs incurred within the group amount to £5.2 million (2013: £5.3 million).

The LLP operates defined benefit arrangements and money purchase agreements as set out below.

Money purchase arrangements

The LLP operated money purchase schemes during the year consisting of a group pension plan for all eligible employees based in the London office and an International Pension Plan (IPP) for all eligible staff on secondment to an office outside the UK.

Defined benefit arrangements

The LLP provides defined benefit pension arrangements for certain employees through a separate trustee administered scheme, the Hackwood Final Salary Pension Plan ("the Plan"). With the agreement of the Trustees of the Plan, the Plan was closed to new entrants on 1 May 1996. As of 1 December 2009, the Plan closed to future benefit accrual and at this point the remaining active members became deferred members of the Plan and their accrued pensions ceased to be linked to future salary increases.

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Plan as at 31 December 2012. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

The figures have been prepared by independent actuaries, in accordance with the provisions of FRS 17. The main assumptions used in updating the latest valuation of the scheme for FRS 17 purposes were:

Main financial assumptions	2014	2013	2012	2011	2010
	%pa	%pa	%pa	%pa	%pa
Discount rate for scheme liabilities	4.3	4.0	4.7	5.4	5.6
Inflation	3.6	3.6	3.5	3.6	3.8
Rate of increase to pensions in payment	3.5	3.5	3.4	3.5	3.7
Rate of general long-term increase in salaries	N/a	N/a	N/a	N/a	N/a

The mortality assumptions are based on mortality tables reflecting the mortality of pensioners of Self Administered Pension Schemes (referred to as the SAPS S1 mortality tables) which allow for future mortality improvements. The assumptions are that a member currently aged 65 at 30 April 2014 will live on average for a further 23.4 years if they are male and for a further 25.3 years if they are female.

For a member who retires in 2034 at age 65 the assumptions are that they will live on average for a further 24.2 years after retirement if they are male and for a further 27.0 years after retirement if they are female.

Notes to the financial statements

21 Pension schemes (continued)

	Long-term rate of return expected at 30 April 2014 %	Value at 30 April 2014 £m	Long-term rate of return expected at 30 April 2013 %	Value at 30 April 2013 £m	Long-term rate of return expected at 30 April 2012 %	Value at 30 April 2012 £m	Long-term rate of return expected at 30 April 2011 %	Value at 30 April 2011 £m	Long term rate of return expected at 30 April 2010 %	Value at 30 April 2010 £m
Equities	7.6	18.3	8.0	17.6	8.0	14.6	8.0	15.8	8.0	15.4
Property	6.9	2.8	7.3	2.5	7.7	2.4	7.7	2.3	8.5	2.2
Government bonds	3.4	33.4	2.7	34.6	3.1	32.0	4.2	28.0	4.5	25.6
Corporate bonds	4.3	2.3	4.0	2.3	4.7	2.0	5.4	1.9	5.6	2.0
Other	0.5	0.2	0.5	0.2	0.5	0.1	0.5	-	0.5	0.2
Total market value of assets	4.95*	57.0	4.58*	57.2	4.76*	51.1	5.67*	48.0	5.92*	45.4
Present value of scheme liabilities		(63.6)		(66.2)		(56.3)		(50.1)		(48.1)
Deficit in scheme		(6.6)		(9.0)		(5.2)		(2.1)		(2.7)
Related deferred tax asset (27%)		1.8		2.2		1.4		0.6		0.8
Net deficit in scheme		(4.8)		(6.8)		(3.8)		(1.5)		(1.9)

* the overall expected rate of return on the Plan assets is a weighted average of the individual expected rates of return on each asset class.

21 Pension schemes (continued)

The LLP employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rates of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Plan at the 30 April 2014.

The surplus or deficit is taken into account in determining the employer's contribution rate over the average remaining service life of the members of the scheme. In light of the most recent full valuation, the LLP agreed to contribute a further £5.9 million into the scheme commencing with a £1m contribution made in September 2013, followed by £1 million per annum in equal monthly instalments through to June 2019, although this will be reviewed when the results of the next full assessment of the liabilities of the Plan as at 31 December 2015 is made available.

A. Analysis of amount charged to operating profit

	2014	2013
	£m	£m
Current service costs	-	-

B. Analysis of amount charged/(credited) to other finance income

	2014	2013
	£m	£m
Past service cost	-	-
Expected return on pension scheme assets	2.6	2.4
Interest on pension scheme liabilities	(2.6)	(2.6)
Net return/(charge)	-	(0.2)

C. Analysis of the actuarial gain/(loss) in the statement of total recognised gains and losses ("STRGL")

	2014	2013
	£m	£m
Actual return less expected return on pension assets	(2.4)	5.5
Changes in assumptions underlying the present value of the scheme liabilities	3.0	(8.7)
Experience gain/(loss) on scheme liabilities	0.3	(0.5)
Actuarial gain/(loss) recognised in STRGL	0.9	(3.7)
Cumulative losses recognised in STRGL	(12.2)	(13.1)

Notes to the financial statements

21 Pension schemes (continued)

D. Analysis of movements in the year

	2014 £m	2013 £m
Present value of defined benefit obligation:		
At start of year	(66.2)	(56.3)
Interest cost	(2.6)	(2.6)
Actuarial gains/(losses) on plan liabilities	3.3	(9.1)
Net benefits paid out	1.9	1.8
At end of year	<u>(63.6)</u>	<u>(66.2)</u>

	2014 £m	2013 £m
Fair value of scheme assets:		
At start of year	57.2	51.1
Expected return on scheme assets	2.6	2.4
Actuarial (losses)/gains on scheme assets	(2.4)	5.5
Contributions from the employer	1.5	-
Net benefits paid out	(1.9)	(1.8)
At end of year	<u>57.0</u>	<u>57.2</u>

E. Actual return on assets

	2014 £m	2013 £m
Expected return on assets	2.6	2.4
Actuarial (loss)/gain	(2.4)	5.5
Actual return on assets	<u>0.2</u>	<u>7.9</u>

Notes to the financial statements

21 Pension schemes (continued)

F. History of experience gains and losses

	Year ended 30 April 2014	Year ended 30 April 2013	Year ended 30 April 2012	Year ended 30 April 2011	Year ended 30 April 2010
Difference between expected and actual return on scheme assets:					
– amount (£m)	(2.4)	5.5	2.3	1.2	7.0
– percentage of scheme assets	(4.2%)	9.6%	4.5%	2.5%	15.4%
Actuarial gain/(loss) due to changes in assumptions underlying the present value of liabilities:					
– amount (£m)	3.0	(8.7)	(5.2)	(0.1)	(9.5)
– percentage of the present value of the scheme liabilities	4.7%	(13.1%)	(9.2%)	(0.2%)	(19.8%)
Experience gain/(loss) on scheme liabilities:					
– amount (£m)	0.3	(0.5)	(0.1)	(0.6)	(0.1)
– percentage of the present value of the scheme liabilities	0.5%	(0.7%)	(0.2%)	(1.2%)	(0.2%)
Total actuarial gain/(loss) in the statement of recognised gains and losses:					
– amount (£m)	0.9	(3.7)	(3.0)	0.5	(2.6)
– percentage of the present value of the scheme liabilities	1.4%	(5.6%)	(5.3%)	1.0%	(5.4%)

22 Post-retirement benefits other than pensions

At 30 April 2014, there were 30 (2013: 34) retired employees and 16 (2013: 16) retired partners who were permitted to benefit free of charge from membership of the LLP's group healthcare scheme for the year then ended.

Members of staff who retire from the LLP's employment no longer benefit free of charge from membership of the LLP's group healthcare scheme; the scheme is only available at

Notes to the financial statements

22 Post-retirement benefits other than pensions (continued)

the LLP's discretion, to certain former members of staff with long service records who retired before 1 May 1996.

The figures below have been based on full actuarial valuations as at 30 April 2014 by independent actuaries in accordance with the provisions of FRS 17. The main assumptions used in updating the latest valuation of the scheme for FRS 17 purposes were:

Main financial assumptions

	2014	2013	2012	2011
	%pa	%pa	%pa	%pa
Interest rate	4.3	4.0	4.7	5.3
Medical risk cost trend:				
Initial rate of	8.0	7.5	8.0	8.0
Reducing by	0.5	0.5	0.5	0.5
For	6 years	6 years	7 years	7 years
Falling to	4.6	4.6	4.5	4.5
Over	remaining years	remaining years	remaining years	remaining years

The mortality assumptions are based on the mortality of pensioners in Self Administered Pension Schemes (SAPS), with allowance for mortality long term improvements. The assumptions are that a member who retired in 2014 at age 65 will live on average for a further 23.4 years after retirement if they are male and for a further 25.2 years after retirement if they are female.

The present value of the liabilities in the scheme at each balance sheet date was:

Consolidated	Value at 2014 £m	Value at 2013 £m	Value at 2012 £m	Value at 2011 £m
Present value of scheme liabilities	1.6	1.5	1.8	2.2
LLP:	Value at 2014 £m	Value at 2013 £m	Value at 2012 £m	Value at 2011 £m
Present value of scheme liabilities	0.9	0.8	1.0	1.2

In accordance with FRS 17 the present value of the scheme liabilities has been fully provided for.

A. Analysis of amount charged to operating profit

Consolidated and LLP:	2014 £m	2013 £m
Current service costs	-	-

Notes to the financial statements

22 Post-retirement benefits other than pensions (continued)

B. Analysis of amount charged to net finance charges

Consolidated and LLP:	2014 £m	2013 £m
Interest on plan liabilities	-	0.1

C. Analysis of actuarial (loss)/gain in the statement of total recognised gains and losses ("STRGL")

Consolidated:	2014 £m	2013 £m
Experience (loss)/gain arising on the plan liabilities	(0.2)	0.4
Changes in assumptions underlying the present value of the scheme liabilities	-	(0.1)
Actuarial (loss)/gain recognised in STRGL	(0.2)	0.3

LLP:	2014 £m	2013 £m
Experience (loss)/gain arising on the plan liabilities	(0.1)	0.4
Changes in assumptions underlying the present value of the scheme liabilities	-	(0.1)
Actuarial (loss)/gain recognised in STRGL	(0.1)	0.3

D. Analysis of movement in deficit during the year

Consolidated:	2014 £m	2013 £m
Deficit in scheme at beginning of the year	(1.5)	(1.8)
Interest on plan liabilities (net finance charge)	(0.1)	(0.1)
Payment of benefits	0.2	0.1
Actuarial (loss)/gain	(0.2)	0.3
Deficit in scheme at the end of year	(1.6)	(1.5)

LLP:	2014 £m	2013 £m
Deficit in scheme at beginning of the year	(0.8)	(1.0)
Interest on plan liabilities (net finance charge)	-	(0.1)
Payment of benefits	-	-
Actuarial (loss)/gain	(0.1)	0.3
Deficit in scheme at the end of year	(0.9)	(0.8)

Notes to the financial statements

22 Post-retirement benefits other than pensions (continued)

E. History of experience gains and losses

	Year ended 30 April 2014 £m	Year ended 30 April 2013 £m	Year ended 30 April 2012 £m	Year ended 30 April 2011 £m	Year ended 30 April 2010 £m
Experience (loss)/ gain on scheme liabilities:					
– amount	(0.2)	0.4	0.5	(0.3)	1.1
– percentage of present value of the scheme liabilities	(0.13%)	26.7%	27.8%	(13.6%)	57.9%
Actuarial (loss)/gain due to changes in assumptions underlying the present value of liabilities:					
– amount	-	(0.1)	(0.1)	-	(0.3)
– percentage of the present value of the scheme liabilities	-	(6.7%)	(5.6%)	-	(15.8%)
Total actuarial (loss)/ gain in the statement of recognised gains and losses:					
– amount	(0.2)	0.3	0.4	(0.3)	0.8
– percentage of the present value of the scheme liabilities	(0.13%)	20.0%	22.9%	(13.6%)	42.1%

23 Contingent liabilities

There are contingent liabilities in respect of indemnities and guarantees, entered into as part of and from the ordinary course of business, on which no material loss is expected to arise.

24 Related party transactions

During the normal course of business, Linklaters undertakes a number of transactions with members (e.g. subscription of capital, drawings, etc.), which are governed by the Linklaters LLP Members Agreement. There were no transactions with members requiring disclosure under the guidance of FRS 8 "Related party disclosures" in either the current or preceding financial year.