# Clyde & Co LLP

Report and Financial Statements

Year Ended

30 April 2017

LLP Number OC326539

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COMPANIES HOUSE

# Clyde & Co LLP

**Report and financial statements**
**for the year ended 30 April 2017**

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**Designated members**

D Carrigan
B Knowles
S Konsta
J Morris
A Nicholas
A Preston

**Registered office**

The St Botolph Building
138 Houndsditch
London
EC3A 7AR

**LLP number**

OC326539

**Auditors**

BDO LLP
55 Baker Street
London
W1U 7EU

# Clyde & Co LLP

**Members' report**
**for the year ended 30 April 2017**

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The members are pleased to present their report and the audited consolidated financial statements of the Clyde & Co LLP group for the year ended 30 April 2017.

**Principal activity**
The principal activity of Clyde & Co LLP is the provision of legal services in the UK and internationally. The group also operates through branches in France, Dubai, Abu Dhabi and Qatar.

**Results, review of business and future developments**
The results for the year are set out on page 4. The members consider the results and future prospects to be satisfactory.

**Designated members**
The designated members who served during the year and up to the approval of these financial statements, were as follows:

M Payton (resigned 1 November 2016)
D Carrigan (appointed 1 November 2016)
J Burns (resigned 1 November 2016)
B Knowles
R Hill (resigned 1 November 2016)
S Konsta
J Morris
A Nicholas
A Preston (appointed 1 November 2016)

**Members' drawings and capital policy**
The members' policy on drawings is dependent upon the working capital requirements of the firm. A conservative level of monthly drawings on account of profit is set at the start of the year and further distributions are made once the results for the year and allocation of profit have been finalised. With the consent of members, the LLP retains a provision for tax from their profit shares which is paid to HMRC on their behalf.

The level of members' capital is determined by the members from time to time. Capital is repaid to members shortly after ceasing to be a member of the firm, or at such other time as is determined by the Management Board. There is no opportunity for the appreciation of the capital subscribed.

**Donations**
During the year donations of £47,754 (2016: £50,984) were made for charitable purposes. These donations form a small part of the wider CSR initiatives undertaken by the group each year, including the firm's pro bono and community investment programme. More information about these initiatives can be found on the firms website at www.clydeco.com/firm/csr.

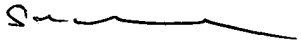
**Employee consultation**
The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings.

**Disclosure of information to auditors**
All of the current members have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

**Auditors**
BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed.

**Approval**

This members' report was approved by the Board of Members and signed on their behalf by:



S Konsta
**Designated Member**
28 September 2017

# Clyde & Co LLP

## Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under these regulations 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). Under these regulations 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 limited liability partnership and of the profit or loss of the group for that period. 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership and group will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Clyde & Co LLP

## Independent auditor's report to the members of Clyde & Co LLP

We have audited the financial statements of Clyde & Co LLP for the year ended 30 April 2017 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and limited liability partnership balance sheet, the consolidated and limited liability partnership statement of changes in members' interests, the consolidated cash flow statement and the related notes. 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 limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of members and auditors

As explained more fully in the statement of members' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

### 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 limited liability partnership's affairs as at 30 April 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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

BDO LLP

Nicholas Carter-Pegg (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: 3 OCTOBER 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Clyde & Co LLP

## Consolidated income statement
## for the year ended 30 April 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Turnover** | 3 | 511,144 | 447,277 |
| Operating expenses | | (387,048) | (330,010) |
| Other operating income | | 748 | 131 |
| **Operating profit** | | 124,844 | 117,398 |
| Net interest payable | 7 | (1,349) | (1,205) |
| **Profit for the financial year before taxation** | | 123,495 | 116,193 |
| Taxation | 8 | (973) | (1,353) |
| **Profit for the financial year before members' remuneration and profit shares** | | 122,522 | 114,840 |
| Members' remuneration charged as an expense | | (3,474) | (4,132) |
| **Profit for the financial year available for discretionary division among members** | | **119,048** | **110,708** |

All results relate to continuing activities.

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## Consolidated statement of comprehensive income
## for the year ended 30 April 2017

| | Note | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|---|
| **Profit for the financial year available for discretionary division among members** | | 119,048 | 110,708 |
| Foreign exchange translation differences | | 4,900 | 1,569 |
| Actuarial losses on defined benefit pension scheme | 17 | (940) | (5,580) |
| **Total comprehensive income for the year available for discretionary division among members** | | **123,008** | **106,697** |
| **Profit for the financial year attributable to:** | | | |
| Owners of the parent LLP | | **119,048** | **110,708** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent LLP | | **123,008** | **106,697** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## Consolidated balance sheet
## as at 30 April 2017

| *LLP Number OC326539* | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 11 | 23,831 | 21,106 |
| | | 23,831 | 21,106 |
| **Current assets** | | | |
| Debtors | 12 | 318,514 | 271,074 |
| Post retirement asset | 17 | 2,420 | 1,550 |
| Amounts due from members | | 60,417 | 53,580 |
| Cash at bank and in hand | | 28,255 | 18,172 |
| | | 409,606 | 344,376 |
| **Creditors: amounts falling due within one year** | 14 | (229,100) | (168,376) |
| **Net current assets** | | 180,506 | 176,000 |
| **Total assets less current liabilities** | | 204,337 | 197,106 |
| **Provision for liabilities** | 16 | (10,544) | (11,641) |
| **Net assets attributable to members excluding post retirement liability** | | 193,793 | 185,465 |
| Post retirement liability | 17 | (2,940) | (3,960) |
| **Net asset attributable to members including post retirement liability** | | **190,853** | **181,505** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

## Consolidated balance sheet
as at 30 April 2017 *(continued)*

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Represented by:** | | | |
| **Loans and amounts due to members** | | | |
| Members' capital classified as a liability | | 71,976 | 64,303 |
| Other amounts | | 7,394 | 20,243 |
| | | 79,370 | 84,546 |
| **Members' other interests** | | | |
| Members' other interests – other reserves classified as equity | | 111,483 | 96,959 |
| **Equity attributable to the members** | | **190,853** | **181,505** |
| **Total members' interests** | | | |
| Amounts due from members | | (60,417) | (53,580) |
| Loans and other debts due to members | | 79,370 | 84,546 |
| Members' other interests | | 111,483 | 96,959 |
| | | **130,436** | **127,925** |

These financial statements were approved and authorised for issue on behalf of the Members by the Management Board of Clyde & Co LLP on 28 September 2017 and signed by:

S Konsta
**Designated member**

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## Consolidated statement of changes in members' interests for the year ended 30 April 2017

| | EQUITY | DEBT | | | | |
|---|---|---|---|---|---|---|
| | | Loans and other debts due to members less any amounts due from members in debtors | | | | |
| | Members' other interests £'000 | Members' capital £'000 | Other reserves £'000 | Other amounts £'000 | Total £'000 | Total members' interests £'000 |
| Amounts due to members | 96,959 | 64,303 | 20,243 | - | 84,546 | 181,505 |
| Amounts due from members | - | - | - | (53,580) | (53,580) | (53,580) |
| **Balance at 1 May 2016** | **96,959** | **64,303** | **20,243** | **(53,580)** | **30,966** | **127,925** |
| Members' remuneration charged as an expense | - | - | 3,474 | - | 3,474 | 3,474 |
| Profit for the year available for discretionary division among members | 119,048 | - | - | - | - | 119,048 |
| Members' interests after profit for the year | 216,007 | 64,303 | 23,717 | (53,580) | 34,440 | 250,447 |
| Allocated profits | (109,967) | - | 56,350 | 53,617 | 109,967 | - |
| Capital introduced | - | 12,208 | (4,031) | - | 8,177 | 8,177 |
| Members balances acquired with subsidiary undertaking | - | 2,256 | 1,036 | - | 3,292 | 3,292 |
| Repayments of capital | - | (5,890) | 1,258 | - | (4,632) | (4,632) |
| Drawings | - | - | (68,796) | (60,454) | (129,250) | (129,250) |
| Actuarial loss on defined benefit pension schemes (note 17) | (940) | - | - | - | - | (940) |
| Foreign exchange translation differences | 4,900 | - | - | - | - | 4,900 |
| Transfer to creditors | - | (901) | (4,176) | - | (5,077) | (5,077) |
| Movement on reserves | 1,483 | - | 2,036 | - | 2,036 | 3,519 |
| **Amounts due to members** | 111,483 | 71,976 | 7,394 | - | 79,370 | 190,853 |
| **Amounts due from members** | - | - | - | (60,417) | (60,417) | (60,417) |
| **Balance at 30 April 2017** | **111,483** | **71,976** | **7,394** | **(60,417)** | **18,953** | **130,436** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## Consolidated statement of changes in members' interests for the year ended 30 April 2016

| | EQUITY | DEBT | | | | |
|---|---|---|---|---|---|---|
| | | Loans and other debts due to members less any amounts due from members in debtors | | | | |
| | Members' other interests £'000 | Members' capital £'000 | Other reserves £'000 | Other amounts £'000 | Total £'000 | Total members' interests £'000 |
| Amounts due to members | 89,140 | 57,369 | 7,462 | - | 64,831 | 153,971 |
| Amounts due from members | - | - | - | (45,415) | (45,415) | (45,415) |
| **Balance at 1 May 2015** | **89,140** | **57,369** | **7,462** | **(45,415)** | **19,416** | **108,556** |
| Members' remuneration charged as an expense | - | - | 4,132 | - | 4,132 | 4,132 |
| Profit for the year available for discretionary division among members | 110,708 | - | - | - | - | 110,708 |
| Members' interests after profit for the year | 199,848 | 57,369 | 11,594 | (45,415) | 23,548 | 223,396 |
| Allocated profits | (102,307) | - | 56,856 | 45,451 | 102,307 | - |
| Capital introduced | - | 9,292 | - | - | 9,292 | 9,292 |
| Members balances acquired with subsidiary undertaking | - | 3,959 | 6,875 | - | 10,834 | 10,834 |
| Repayments of capital | - | (6,317) | - | - | (6,317) | (6,317) |
| Drawings | - | - | (50,676) | (53,616) | (104,292) | (104,292) |
| Actuarial loss on defined benefit pension scheme (note 17) | (5,580) | - | - | - | - | (5,580) |
| Foreign exchange translation differences | 1,569 | - | - | - | - | 1,569 |
| Transfer to creditors | - | - | (4,981) | - | (4,981) | (4,981) |
| Movement on reserves | 3,429 | - | 575 | - | 575 | 4,004 |
| **Amounts due to members** | 96,959 | 64,303 | 20,243 | - | 84,546 | 181,505 |
| **Amounts due from members** | - | - | - | (53,580) | (53,580) | (53,580) |
| **Balance at 30 April 2016** | **96,959** | **64,303** | **20,243** | **(53,580)** | **30,966** | **127,925** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## Consolidated statement of cash flows
## for the year ended 30 April 2017

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit for the financial year before members' remuneration and profit shares** | | 122,522 | 114,840 |
| Adjustments for: | | | |
| Depreciation, impairment and amortisation of fixed assets | 11 | 8,016 | 6,831 |
| Net interest payable | 7 | 1,349 | 1,205 |
| Taxation expense | | 973 | 1,353 |
| Loss on sale of fixed assets | 11 | 100 | - |
| Difference between net pension expense and cash contribution | 17 | (2,940) | (2,860) |
| Increase in trade and other debtors | | (39,568) | (15,093) |
| Increase/(decrease) in trade and other creditors | | 11,602 | (701) |
| (Decrease)/increase in provisions | | (1,097) | 983 |
| Unwinding of discount provisions | 7 | (158) | (177) |
| **Cash from operations** | | 100,799 | 106,381 |
| Taxation paid | | (1,511) | (1,496) |
| Annuity payments to former members | | (598) | (598) |
| Members' drawings in relation to remuneration | | (129,250) | (104,292) |
| ***Net cash generated from operating activities*** | | (30,560) | (5) |
| **Cash flows from investing activities** | | | |
| Purchases of tangible fixed assets | 11 | (9,037) | (6,979) |
| Cash acquired with subsidiary undertaking | 18 | 20 | 2,781 |
| Interest received | 7 | 1,475 | 842 |
| ***Net cash from investing activities*** | | (7,542) | (3,356) |
| **Cash flows from financing activities** | | | |
| Capital introduced by members | | 8,177 | 9,292 |
| Capital repaid to members | | (4,632) | (6,317) |
| Interest paid | 7 | (2,556) | (1,880) |
| New bank loans | 15 | 76,352 | 10,000 |
| Bank loans repaid | 15 | (30,000) | - |
| ***Net cash used in financing activities*** | | 47,341 | 11,095 |
| **Net increase in cash and cash equivalents** | | **9,239** | **7,734** |
| Cash and cash equivalents at beginning of year | | 16,274 | 8,411 |
| Foreign exchange gains and losses | | 2,742 | 129 |
| **Cash and cash equivalents at end of year** | | **28,255** | **16,274** |
| **Cash and cash equivalents comprise:** | | | |
| Cash at bank and in hand | | 28,255 | 18,172 |
| Bank overdrafts | 15 | - | (1,898) |
| | | **28,255** | **16,274** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## LLP balance sheet
## as at 30 April 2017

| *LLP Number OC326539* | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 11 | 12,143 | 13,312 |
| | | 12,143 | 13,312 |
| **Current assets** | | | |
| Debtors | 12 | 290,734 | 246,315 |
| Amounts due from members | | 17,230 | 18,834 |
| Investments | 13 | 456 | 455 |
| Cash at bank and in hand | | 11,309 | 2,667 |
| | | 319,729 | 268,271 |
| **Creditors: amounts falling due within one year** | 14 | (202,494) | (149,887) |
| **Net current assets** | | 117,235 | 118,384 |
| **Total assets less current liabilities** | | 129,378 | 131,696 |
| **Provision for liabilities** | 16 | (9,381) | (10,199) |
| **Net assets attributable to members** | | **119,997** | **121,497** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

## LLP balance sheet
as at 30 April 2017 *(continued)*

| | Note | 2017 £'000 | 2016 £'000 |
|---|---|---|---|
| **Represented by:** | | | |
| **Loans and amounts due to members** | | | |
| Members' capital classified as a liability | | 53,956 | 50,012 |
| Other amounts | | 62,989 | 48,296 |
| | | 116,945 | 98,308 |
| **Members' other interests** | | | |
| Members' other interests – other reserves classified as equity | | 3,052 | 23,189 |
| **Equity attributable to the members** | | **119,997** | **121,497** |
| **Total members' interests** | | | |
| Amounts due from members | | (17,230) | (18,834) |
| Loans and other debts due to members | | 116,945 | 98,308 |
| Members' other interests | | 3,052 | 23,189 |
| | | **102,767** | **102,663** |

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own Profit and Loss Account in these financial statements. The LLP's profit available for discretionary division among members for the year was £52,798,546 (2016: £58,328,651).

These financial statements were approved and authorised for issue on behalf of the Members by the Management Board of Clyde & Co LLP on 28 September 2017 and signed by:

S Konsta
**Designated member**

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## LLP statement of changes in members' interests for the year ended 30 April 2017

| | EQUITY | DEBT | | | | |
|---|---|---|---|---|---|---|
| | | Loans and other debts due to members less any amounts due from members in debtors | | | | |
| | Members' other interests £'000 | Members' capital £'000 | Other reserves £'000 | Other amounts £'000 | Total £'000 | Total members' interests £'000 |
| Amounts due to members | 23,189 | 50,012 | 48,296 | - | 98,308 | 121,497 |
| Amounts due from members | - | - | - | (18,834) | (18,834) | (18,834) |
| **Balance at 1 May 2016** | **23,189** | **50,012** | **48,296** | **(18,834)** | **79,474** | **102,663** |
| Members' remuneration charged as an expense | - | - | 3,163 | - | 3,163 | 3,163 |
| Profit for the year available for discretionary division among members | 52,799 | - | - | - | - | 52,799 |
| Members' interests after profit for the year | 75,988 | 50,012 | 51,459 | (18,834) | 82,637 | 158,625 |
| Allocated profits | (74,258) | - | 47,283 | 26,975 | 74,258 | - |
| Capital introduced | (1,501) | 9,054 | - | - | 9,054 | 7,553 |
| Repayments of capital | 1,258 | (4,255) | - | - | (4,255) | (2,997) |
| Drawings | - | - | (31,296) | (25,371) | (56,667) | (56,667) |
| Foreign exchange translation differences | 766 | - | - | - | - | 766 |
| Transfer to creditors | - | (855) | (3,564) | - | (4,419) | (4,419) |
| Movement on reserves | 799 | - | (893) | - | (893) | (94) |
| **Amounts due to members** | 3,052 | 53,956 | 62,989 | - | 116,945 | 119,997 |
| **Amounts due from members** | - | - | - | (17,230) | (17,230) | (17,230) |
| **Balance at 30 April 2017** | **3,052** | **53,956** | **62,989** | **(17,230)** | **99,715** | **102,767** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

# Clyde & Co LLP

## LLP statement of changes in members' interests
## for the year ended 30 April 2016

| | EQUITY | DEBT | | | | |
|---|---|---|---|---|---|---|
| | | Loans and other debts due to members less any amounts due from members in debtors | | | | |
| | Members' other interests £'000 | Members' capital £'000 | Other reserves £'000 | Other amounts £'000 | Total £'000 | Total members' interests £'000 |
| Amounts due to members | 36,803 | 46,891 | 28,572 | - | 75,463 | 112,266 |
| Amounts due from members | - | - | - | (24,702) | (24,702) | (24,702) |
| **Balance at 1 May 2015** | **36,803** | **46,891** | **28,572** | **(24,702)** | **50,761** | **87,564** |
| Members' remuneration charged as an expense | - | - | 3,428 | - | 3,428 | 3,428 |
| Profit for the year available for discretionary division among members | 58,329 | - | - | - | - | 58,329 |
| Members' interests after profit for the year | 95,132 | 46,891 | 32,000 | (24,702) | 54,189 | 149,321 |
| Allocated profits | (78,941) | - | 46,098 | 32,843 | 78,941 | - |
| Capital introduced | - | 8,460 | - | - | 8,460 | 8,460 |
| Repayments of capital | - | (5,339) | - | - | (5,339) | (5,339) |
| Drawings | - | - | (27,032) | (26,975) | (54,007) | (54,007) |
| Foreign exchange translation differences | 5,691 | - | - | - | - | 5,691 |
| Transfer to creditors | - | - | (3,345) | - | (3,345) | (3,345) |
| Movement on reserves | 1,307 | - | 575 | - | 575 | 1,882 |
| **Amounts due to members** | 23,189 | 50,012 | 48,296 | - | 98,308 | 121,497 |
| **Amounts due from members** | - | - | - | (18,834) | (18,834) | (18,834) |
| **Balance at 30 April 2016** | **23,189** | **50,012** | **48,296** | **(18,834)** | **79,474** | **102,663** |

The notes on pages 15 to 35 form part of the consolidated financial statements.

## 1. Accounting policies

Clyde & Co LLP is a Limited Liability partnership ('LLP') incorporated in England and Wales under the Companies Act. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2017), 'Accounting by Limited Liability Partnerships'.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

***Parent LLP disclosure exemptions***

In preparing the separate financial statements of the parent LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent LLP;
- Disclosures in respect of the parent LLP's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent LLP as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

***Basis of consolidation***

The consolidated financial statements present the results of Clyde & Co LLP and its subsidiaries ("the Group") as if they formed a single entity. Intergroup transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

***Turnover***

Turnover represents amounts chargeable to clients for professional services provided during the year, net of any sales tax. Services provided to clients, which at the balance sheet date have not been billed, have been recognised as revenue. Turnover is recognised by reference to an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Group.

***Valuation of investments***

Investments in subsidiaries are measured at cost less accumulated impairment.

***Impairment of fixed assets and goodwill***

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1. Accounting policies *(continued)*

***Tangible fixed assets***

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

***Depreciation***

Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

| | |
|---|---|
| • Leasehold land and buildings | The term of the lease or 10 years |
| • Motor vehicles | 4 years |
| • Fixtures, fittings and equipment | 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the income statement.

***Foreign currency translation***

*(a) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the LLP's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

*(b) Transactions and balances*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

***Financial liabilities and equity***

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

***Finance costs***

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

1. Accounting policies *(continued)*

***Profit allocations***

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP.

***Drawings***

Drawings represent payments on account of profits which may be allocated to members. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP and may be reclaimed from members until profits have been allocated to them. Unallocated profits are included within members' other interests, classified as equity, advanced drawings in excess of allocated profits are included within 'Amounts due from members' in debtors, and allocated profits in excess of drawings are included within 'Amounts due to members' as a liability.

***Members' capital***

Initial capital contributions ('principal capital') of each of the members are amounts as set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the Board.

Subsequent capital is repaid to members shortly after ceasing to be a member of the LLP, or at such other time as is determined by the Board. Members' subsequent capital is therefore classified as a liability due within one year. There is no opportunity for the appreciation of capital subscribed.

***Holiday pay accrual***

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

***Professional indemnity insurance***

Insurance premiums are expensed to the profit and loss account over the period of the insurance cover. Provision is made for any uninsured excess that is likely to be payable in respect of claims made. These are based on best estimates of the expected cash outflows, discounted to present value where appropriate.

***Segmental reporting***

No segmental analysis has been shown. The LLP considers such disclosure to be unfairly prejudicial to the business since it would be helpful to competitors who generally do not provide similar information publicly.

***Leased assets: Lessee***

All current leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 May 2014) to continue to be charged over the shorter period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 May 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

***Onerous leases***

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

1. Accounting policies *(continued)*

***Current and deferred taxation***

Taxation on a members' share of the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. The tax within these consolidated financial statements relate to the corporate subsidiaries of the group.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the LLP's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

***Defined benefit pension schemes***

Operating and finance costs of pensions are charged to the Income statement in the period in which they arise and are recognised separately. The costs of past service enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in other comprehensive income. Pension costs are assessed in accordance with the advice of independent qualified actuaries.

The schemes are funded with the assets held separately from those of the Clyde & Co LLP group ("the Group"), in separate trustee administered funds. Pension scheme assets are valued 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, is presented separately after other net assets on the face of the balance sheet.

***Annuities***

Annuities payable to certain former partners of the predecessor partnership are provided for in full. The amount provided is recognised as the best estimate of the expenditure required to settle that obligation, and is discounted to present value. The annuity is payable to certain former partners at a fixed amount per annum for their remaining life, with no terminal payment. The annuity is accounted for as an insurance contract in accordance with FRS 103. The increase of discounted amount in the period is charged to the profit and loss account as interest payable, changes due to changes in assumptions are charged to the profit and loss account as administrative expenses.

As these are historic transactions and no new annuities are entered into, the Group does not have specific policies to manage the risks arising from these contracts.

1. **Accounting policies *(continued)***

***Financial instruments***

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to a contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

*Financial liabilities*

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Bank loans are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable.

*Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership are transferred to another party or if some significant risks and rewards of ownership are retained but control of the asset has been transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

***Business combinations***

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

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

## 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

- Significant judgement is taken by the members in assessing the recoverable amount of unbilled work performed in respect of client work. Consideration is given to the historic recovery rates of unbilled work when making this judgement.
- Significant judgement is taken by the members in assessing the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.
- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

***Other key sources of estimation uncertainty***

***Tangible fixed assets (see note 11)***

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Tangible fixed assets are stated net of any accumulated impairment losses. Indicators of impairment of the LLP's tangible assets are assessed annually. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

***Other provisions (see note 16)***

Provisions represent an estimate of the potential cost of defending claims and, where appropriate, the estimated cost of settling claims up to the excess terms of the LLP's professional indemnity insurance.

Factors taken into consideration when making this estimation include the likelihood of an unfavourable ruling as well as the potential cost.

***Defined benefit pension scheme (see note 17)***

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 17 for the disclosures relating to the defined benefit pension scheme.

## 3. Analysis of turnover

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Fee income | 511,144 | 447,277 |
| | **511,144** | **447,277** |

## 4. Principal entities included in the consolidation

| | Registered Office and Country of incorporation |
|---|---|
| **Entities providing legal services** | |
| Clyde & Co US LLP | The Chrysler Building, 405 Lexington Avenue, New York, 10174, United States |
| Clyde & Co (CIS) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co (Greece) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co Hong Kong (partnership)* | 58th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, China |
| Clyde & Co Canada LLP | 630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada |
| Clyde & Co Claims LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co Singapore PTE Limited | 12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore |
| Clyde Abogados SLP | Plaza Marqués de Salamanca 3-4, planta 5 , Madrid, 28006, Spain |
| Clyde & Co Incorporated | 6th Floor, Katherine & West Building, 114 West Street, Johannesburg, Sandton 2196, P.O. Box 786448, |
| Clyde & Co (Tanzania) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co (Australia) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co (France) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co (Deutschland) LLP | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co India Limited | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Indian Business Law Limited | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Trident (Claims & Recoveries) LLP | Chancery Place, 50 Brown Street, Manchester, M2 2JT |
| Clyde & Co (Scotland) LLP | Albany House, 58 Albany Street, Edinburgh, EH1 3QR |
| Clyde & Co Technical Services JSC | Tripoli Tower No. 2, Room 148/149, 14th Floor, Tripoli, Libya |
| Despacho de Abogados, miembros de la Firma Internacional de Abogados Clyde & Co | Avenida Circunvalación del Sol, Edificio Santa Paula Plaza I, Piso 4, Oficina 405. Urbanización Santa Paula, Caracas, 1061, Venezuela |
| Clasis LLC | 12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore |
| Clyde & Co Clasis Singapore Pte Limited | 12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore |
| Clyde & Co Sociedade de Consultores em Direito Estrangeiro/Direito Ingles | Rua Padre João Manuel, 199, 2º andar, cj 24, Cerqueira Cesar, CEP 01411-001, Sao Paulo-SP, Brazil |
| Clasis Law India | 14th Floor, 28, Barakhamba Road, New Delhi, 110 001, India |
| Clasis Law Limited | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde & Co Canada Holdings Inc | 630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada |

**4. Principal entities included in the consolidation (continued)**

| | Registered Office and Country of incorporation |
|---|---|
| **Entities providing legal services (continued)** | |
| Clyde & Co Australia* | Level 15, 333 George Street, Sydney, New South Wales, 2000, Australia |
| Clyde & Co Westlink* | 701, Tower 5, Corporate Avenue, 56 Ruitian Road, Yuzhong District, Chongqing, 400010, China |
| CCIP Limited | Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands |
| Clyde IP Services Limited | Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands |
| Clyde IP Services W.L.L. | Office 209, Building 125 Trust Tower, Block 317, Road 1702, Diplomatic Area, P.O. Box 2215, Manama, Bahrain |
| Clyde IP Services L.L.C | Building 458, Street 41, Alwattayah, Mutrah, Muscat Governorate. P.O. Box 1982, 111, Muscat , Oman |
| Clyde IP Services for Trade Mark and Patent Registration L.L.C. | Plot 218, Building 7, Al Rifai Complex, Hawalli |
| Gulf Recoveries Limited (BVI Pvt. Ltd. Co.) | Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands |
| Clyde and Co LLP Lawyers and Legal Consultants | The Business Gate, Building 14, Airport Road, Qurtubah District, Riyadh, 11474, PO Box 16743, Saudi Arabia |
| **Service companies** | |
| Clyde UK Services Company (unlimited) | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Clyde Overseas Service Company (unlimited) | The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom |
| Padova Enterprises Limited | 58th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, China |
| Beaumont and Son Consultoria de Seguros Limitada | Av. Rio Branco, 257 sala 808, Centro, 20040-009 Rio de Janeiro RJ |
| Clyde & Co Consultores Limitada | Rua Padre João Manuel, 199, 2º andar, cj 24, Cerqueira Cesar, CEP 01411-001, Sao Paulo-SP, Brazil |
| Clyde & Co Consultores SA | Avenida Circunvalación del Sol, Edificio Santa Paula Plaza I, Piso 4, Oficina 405. Urbanización Santa Paula, Caracas, 1061, Venezuela |
| Clyde & Co Australia Services PTY Limited | Level 15, 333 George Street, Sydney, New South Wales, 2000, Australia |
| Nicholl Paskell-Mede Inc | 630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada |
| NPM Toronto Limited | 401 Bay Street, Suite 2500 P.O. Box 25, Toronto, Ontario, M5H 2Y4, Canada |
| Simpson & Marwick (Services) Limited | Albany House, 58 Albany Street, Edinburgh, EH1 3QR |

* Principal place of business - not country of incorporation, as the entity is unincorporated.

Members of Clyde & Co LLP have beneficial ownership of the above consolidated entities.
The service companies provide services to members of the group.

## 5. Operating profit

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| This is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 8,016 | 6,831 |
| Loss on disposal of fixed assets | 100 | - |
| Rentals under operating leases | | |
| Hire of plant and machinery | 1,045 | 102 |
| Property | 27,808 | 21,415 |
| Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts | 179 | 163 |
| Fees payable to the LLP's auditor and its associates for other services to the group: | | |
| Taxation compliance services | 475 | 435 |
| Other | 92 | 84 |
| Exchange differences | (4,541) | 1,220 |

## 6. Employees

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Staff costs consist of: | | |
| Wages and salaries | 213,036 | 179,037 |
| Social security costs | 12,772 | 11,524 |
| Pension costs | 11,593 | 10,060 |
| | **237,401** | **200,621** |

| The average number of employees during the year was as follows: | Number | Number |
|---|---|---|
| Practice | 1,780 | 1,699 |
| Support staff | 1,494 | 1,324 |
| | **3,274** | **3,023** |

## 7. Net interest payable

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Bank interest receivable | (1,475) | (842) |
| Bank interest payable | 2,556 | 1,880 |
| Running costs paid by the pension scheme | 70 | 60 |
| Interest on pension scheme liabilities | 40 | (70) |
| Unwinding of discount on provisions | 158 | 177 |
| | **1,349** | **1,205** |

## 8. Taxation

The taxation charge which arises in the corporate entities included within these financial statements is:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| United Kingdom corporation tax charge for the year | 974 | 1,072 |
| Foreign corporation tax charge for the year | - | - |
| Total current taxation | 974 | 1,072 |
| Prior year adjustment | (1) | - |
| Deferred taxation | - | 281 |
| Total tax charge | **973** | **1,353** |

In most locations, income tax payable on profits allocated to partners is the personal liability of the partners. In some locations the tax payable is the liability of the Clyde & Co LLP Group. Only the latter amounts are reflected in these financial statements.

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | 123,495 | 116,193 |
| Less: amounts subject to personal taxation | (113,880) | (105,478) |
| Profits subject to taxation | **9,615** | **10,715** |

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 19.92% (2016: 20%). The differences are explained below:

| | | |
|---|---|---|
| Profits subject to taxation | 9,615 | 10,715 |
| At UK standard rate of 19.92% (2016: 20%) | 1,915 | 2,143 |
| Factors affecting the charge for the year: | | |
| - Expenses not deductible for tax purposes | - | 59 |
| - Non-taxable movements on pension liability | (533) | (622) |
| - Deferred tax assets not recognised | 146 | 142 |
| - Prior year adjustments | (1) | - |
| - Short term timing differences | (326) | (224) |
| - Difference in local tax rates | (228) | (145) |
| Current tax charge for the year | **973** | **1,353** |

Deferred tax assets have not been recognised where there is uncertainty over the recoverability of these losses through future profits.

## 9. Members' remuneration

Profits are shared among the members in accordance with agreed profit sharing arrangements. Members are required to make their own provision for pensions from their profit shares.

| | 2017 Number | 2016 Number |
|---|---|---|
| Average number of members during the year | 305 | 262 |

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Profit attributable to the member with the largest entitlement | 1,373 | 1,397 |

## 10. Parent LLP profit for the year

The LLP has taken advantage of the exemption allowed under the Companies Act 2006 as applied to LLP's and has not presented its own statement of comprehensive income in these financial statements. The profit available for discretionary division among members of the parent LLP for the year was £52,798,546 (2016 - £58,328,651).

## 11. Tangible fixed assets

| Group | Leasehold Improvements £'000 | Fixtures, fittings and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| As at 1 May 2016 | 47,438 | 45,246 | 61 | 92,745 |
| Foreign exchange revaluation | 1,961 | 1,761 | 12 | 3,734 |
| Transfer in on acquisition | 362 | 353 | - | 715 |
| Reclassification | - | (25) | 25 | - |
| Additions | 6,167 | 2,851 | 19 | 9,037 |
| Disposals | (2) | (148) | (28) | (178) |
| At 30 April 2017 | 55,926 | 50,038 | 89 | 106,053 |
| **Accumulated depreciation** | | | | |
| As at 1 May 2016 | 30,100 | 41,517 | 22 | 71,639 |
| Foreign exchange revaluation | 1,068 | 1,572 | 5 | 2,645 |
| Reclassification | 37 | (48) | 11 | - |
| Charge for the year | 4,647 | 3,353 | 16 | 8,016 |
| Disposals | - | (74) | (4) | (78) |
| At 30 April 2017 | 35,852 | 46,320 | 50 | 82,222 |
| **Net book value** | | | | |
| At 30 April 2017 | **20,074** | **3,718** | **39** | **23,831** |
| At 30 April 2016 | 17,338 | 3,729 | 39 | 21,106 |

11. **Tangible fixed assets *(continued)***

| LLP | Leasehold Improvements £'000 | Fixtures, fittings and equipment £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 May 2016 | 36,369 | 35,654 | 72,023 |
| Foreign exchange revaluation | 851 | 867 | 1,718 |
| Additions | 664 | 2,260 | 2,924 |
| At 30 April 2017 | 37,884 | 38,781 | 76,665 |
| **Accumulated depreciation** | | | |
| As at 1 May 2016 | 25,032 | 33,679 | 58,711 |
| Foreign exchange revaluation | 586 | 796 | 1,382 |
| Charge for the year | 2,368 | 2,061 | 4,429 |
| At 30 April 2017 | 27,986 | 36,536 | 64,522 |
| **Net book value** | | | |
| At 30 April 2017 | **9,898** | **2,245** | **12,143** |
| At 30 April 2016 | 11,337 | 1,975 | 13,312 |

12. **Debtors**

| | Group 2017 £'000 | Group 2016 £'000 | LLP 2017 £'000 | LLP 2016 £'000 |
|---|---|---|---|---|
| Trade debtors | 258,411 | 216,507 | 149,753 | 131,411 |
| Amounts recoverable from clients in respect of unbilled work performed | 33,751 | 30,750 | 21,606 | 20,529 |
| Amounts due from group undertakings | - | - | 106,192 | 79,816 |
| Other debtors | 7,105 | 7,217 | 1,510 | 3,240 |
| Prepayments and accrued income | 18,899 | 16,600 | 11,673 | 11,319 |
| Corporation tax | 348 | - | - | - |
| | **318,514** | **271,074** | **290,734** | **246,315** |

The impairment loss recognised in the profit or loss for the period in respect of bad and doubtful trade debtors was as set out below:

| | Group 2017 £'000 | Group 2016 £'000 | LLP 2017 £'000 | LLP 2016 £'000 |
|---|---|---|---|---|
| Credit/(charge) recognised | 1,300 | 2,056 | 1,053 | 1,029 |

All amounts shown under debtors fall due for payment within one year except:

Group:

Deferred tax asset recognised in respect of the defined benefit pension scheme operated by some subsidiaries of the group. This will reverse over the life of the scheme and is subject to changes in valuations of the defined benefit obligation and plan assets.

## 13. Current asset investments

| | Group 2017 £'000 | Group 2016 £'000 | LLP 2017 £'000 | LLP 2016 £'000 |
|---|---|---|---|---|
| Opening fair value | - | - | 455 | 455 |
| Additions | - | - | 1 | - |
| Closing fair value | - | - | 456 | 455 |

## 14. Creditors: amounts falling due within one year

| | Group 2017 £'000 | Group 2016 £'000 | LLP 2017 £'000 | LLP 2016 £'000 |
|---|---|---|---|---|
| Bank loans and overdrafts (see Note 15) | 106,353 | 61,899 | 106,353 | 62,970 |
| Trade creditors | 45,430 | 33,243 | 29,486 | 22,305 |
| Amounts owed to group undertakings | - | - | 19,677 | 17,390 |
| Corporation tax | - | 190 | - | - |
| Taxation and social security | 10,352 | 11,277 | 5,254 | 4,943 |
| Other creditors | 43,277 | 41,613 | 34,043 | 33,677 |
| Accruals and deferred income | 23,688 | 20,154 | 7,681 | 8,602 |
| | **229,100** | **168,376** | **202,494** | **149,887** |

## 15. Borrowings

| | Group 2017 £'000 | Group 2016 £'000 | LLP 2017 £'000 | LLP 2016 £'000 |
|---|---|---|---|---|
| Bank overdraft | - | 1,898 | - | 2,969 |
| Bank loans | 106,353 | 60,001 | 106,353 | 60,001 |
| | **106,353** | **61,899** | **106,353** | **62,970** |
| **Maturity analysis** | | | | |
| Within one year or on demand | 106,353 | 61,899 | 106,353 | 62,970 |
| | **106,353** | **61,899** | **106,353** | **62,970** |

Of the bank loans and overdrafts, £30,000k relates to a fully drawn revolving loan facility expiring on 1 December 2018 at a rate of 0.95% above LIBOR and £76,353k relates to the drawn amount on a £105,000k revolving loan facility expiring on 30 April 2020 at a rate of 1.40% above LIBOR. No security over any of the group's assets is given in relation to these loans and overdrafts.

## 16. Provisions for liabilities

| Group | 2016 £'000 | Charge for the year £'000 | Utilised in year £'000 | 2017 £'000 |
|---|---|---|---|---|
| Property provisions | 6,874 | 235 | - | 7,109 |
| Provision for annuities | 2,494 | 204 | (430) | 2,268 |
| Other provisions | 2,273 | 465 | (1,571) | 1,167 |
| | **11,641** | **904** | **(2,001)** | **10,544** |

| LLP | 2016 £'000 | Charge for the year £'000 | Utilised in year £'000 | 2017 £'000 |
|---|---|---|---|---|
| Property provisions | 5,645 | 301 | - | 5,946 |
| Provision for annuities | 2,494 | 204 | (430) | 2,268 |
| Other provisions | 2,060 | 465 | (1,358) | 1,167 |
| | **10,199** | **970** | **(1,788)** | **9,381** |

**Property provisions**
This represents an estimate of the dilapidations costs in respect of requirements for the premises to be returned to their original state on conclusion of lease terms.

**Annuities provision**
The provision for annuities represents amounts payable to one former partner of Clyde & Co (2016: one former partner).

**Other provisions**
Other provisions represent an estimate of the potential cost of defending claims and, where appropriate, the estimated cost of settling claims up to the excess terms of the LLP's professional indemnity insurance.

## 17. Pensions

The group operates two final salary pension schemes, the Clyde & Co Pension Scheme and the Beaumont and Son Pension Scheme. They are administered separately and therefore information about the schemes is presented separately below. Both schemes are closed to future accrual of benefit. The combined pension asset/(liability), as shown in the financial statements, is comprised of:

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| **Net pension (liability)/asset** | | |
| Clyde & Co Pension Scheme | (2,940) | (3,960) |
| Beaumont and Son Pension Scheme | 2,420 | 1,550 |
| | **(520)** | **(2,410)** |
| **Actuarial (loss)/gain** | | |
| Clyde & Co Pension Scheme | (1,710) | (5,340) |
| Beaumont and Son Pension Scheme | 770 | (240) |
| | **(940)** | **(5,580)** |

**Clyde & Co Pension Scheme**
The group operates a funded pension Scheme providing benefits based on pensionable service and final pensionable pay. The Scheme closed to the accrual of future benefits on 5 August 2003. The assets of the Scheme are held in a Trustee administered fund, which is separate from Company assets.

The funding plan for the Scheme is to hold assets equal to the value of the benefits earned by members of the Scheme, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against the funding plan, then the Company and Trustee agree on deficit contributions to make good the deficit over a period of time. As part of the latest triennial actuarial funding valuation, with an effective date of 5 April 2014, monthly deficit contributions of £235,000 payable from April 2014 to February 2018 (inclusive) were agreed.

The results of the formal actuarial valuation as at 5 April 2014 have been updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows.

**i) Key FRS102 assumptions:**

| | 2017 | 2016 |
|---|---|---|
| Salary growth | 2.0% p.a. | 1.6% p.a. |
| Pension increases - pre 1997 service | 4.0% p.a. | 4.0% p.a. |
| Pension increases - post 1997 service | 4.2% p.a. | 4.1% p.a. |
| Discount rate | 2.8% p.a. | 3.5% p.a. |
| Retail Price inflation | 3.1% p.a. | 2.6% p.a. |
| Consumer Price inflation | 2.0% p.a. | 1.6% p.a. |

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 27.8 years (2016: 28.4 years). Allowance is made for future improvements in life expectancy. The mortality table adopted is the S2NA table multiplied by a factor of 90% to reflect the profile of the Scheme's membership, with future improvements in line with the CMI 2013 core projections with a long-term rate of improvement of 1.25% pa for both males and females.

The expected return on assets is derived by taking a weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at the balance sheet date, as follows:

17. **Pensions *(continued)***

**ii) Asset distribution:**

| | 2017<br>Fair value<br>£'000 |
|---|---|
| Equities | 13,240 |
| Diversified growth funds | 20,730 |
| Corporate bonds | - |
| Liability driven investments | 9,530 |
| Annuities | 19,990 |
| All other assets | 320 |
| Fair value of assets | 63,810 |
| Present value of liabilities | (66,750) |
| Gross pension liability | **(2,940)** |

The Scheme does not invest in property used by the Group or the Group's own financial instruments.

**iii) Movement in net defined benefit liability:**

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Opening net defined benefit liability | (3,960) | (1,440) |
| Net finance charge – see Note 17 (iv) | (90) | - |
| Employer contributions | 2,820 | 2,820 |
| Actuarial loss | (1,710) | (5,340) |
| Closing net defined benefit liability | **(2,940)** | **(3,960)** |

Over the year to 30 April 2017, contributions by the Group of £2.8m (2016: £2.8m) were made to the Scheme

**iv) Amount included as net finance charge:**

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Interest expense | (90) | - |
| Total operating charge | **(90)** | - |

17. **Pensions *(continued)***

**v) Reconciliation of the present value of the defined benefit obligation:**

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Opening defined benefit obligation | (59,230) | (56,310) |
| Interest on obligation | (2,040) | (2,040) |
| Actuarial losses | (7,130) | (3,070) |
| Benefits paid | 1,650 | 2,190 |
| Closing defined benefit obligation | **(66,750)** | **(59,230)** |

**vi) Reconciliation of the fair value of the scheme assets:**

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Opening fair value of the Scheme assets | 55,270 | 54,870 |
| Interest on Scheme assets | 1,950 | 2,040 |
| Actual return/(loss) less interest on Scheme assets | 5,420 | (2,270) |
| Contributions by the employer | 2,820 | 2,820 |
| Benefits paid | (1,650) | (2,190) |
| Closing fair value of Scheme assets | **63,810** | **55,270** |

The actual return on the scheme's assets over the year was a gain of £7,370,000 (2016: loss of £230,000).

**Beaumont and Son Pension Scheme**
The Group operates a funded pension Scheme providing benefits based on pensionable service and final pensionable pay. The Scheme closed to the accrual of future benefits on 30 June 2005. The assets of the Scheme are held in a Trustee administered fund, which is separate from Company assets.

The funding plan for the Scheme is to hold assets equal to the value of the benefits earned by members of the Scheme, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against the funding plan, then the Company and Trustee agree on deficit contributions to make good the deficit over a period of time. As part of the latest triennial actuarial funding valuation, with an effective date of 31 December 2012, monthly contributions of £3,000 payable from January 2014 were agreed to cover administration expenses.

The results of the formal actuarial valuation as at 31 December 2012 have been updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows.

17. **Pensions *(continued)***

**i) Key FRS102 assumptions:**

| | 2017 | 2016 |
|---|---|---|
| Salary growth | n/a | n/a |
| Pension increases - pre 1997 service | 2.3% p.a. | 2.1% p.a. |
| Pension increases - post 1997 service | 3.0% p.a. | 2.6% p.a. |
| Discount rate | 2.8% p.a. | 3.5% p.a. |
| Retail Price inflation | 3.1% p.a. | 2.6% p.a. |
| Consumer Price inflation | 2.0% p.a. | 1.6% p.a. |

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 28.4 years (2016: 28.4 years). Allowance is made for future improvements in life expectancy. The mortality table adopted is the S2NA table multiplied by a factor of 90% to reflect the profile of the Scheme's membership, with future improvements in line with the CMI 2013 core projections with a long-term rate of improvement of 1.25% pa for both males and females.

The expected return on assets is derived by taking a weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at the balance sheet date, as follows:

**ii) Asset distribution:**

| | 2017<br>Fair value<br>£'000 |
|---|---|
| Equities | 4,210 |
| Liability driven investments | 3,560 |
| All other assets | 160 |
| Fair value of assets | 7,930 |
| Present value of liabilities | (5,510) |
| Gross pension asset | **2,420** |

The Scheme does not invest in property used by the Group or the Group's own financial instruments.

**iii) Movement in net defined benefit asset:**

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Opening net defined benefit asset | 1,550 | 1,740 |
| Net finance (charge)/income – see Note 17 (iv) | (20) | 10 |
| Employer contributions | 120 | 40 |
| Actuarial gain/(loss) | 770 | (240) |
| Closing net defined benefit asset | **2,420** | **1,550** |

Over the year to 30 April 2017, contributions by the Company of £120,000 (2016: £40,000) were made to the Scheme.

17. Pensions *(continued)*

iv) Amount included as net finance (charge)/income:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Running costs paid by the Scheme | (70) | (60) |
| Interest income | 50 | 70 |
| Net finance (charge)/income | (20) | 10 |

v) Reconciliation of the present value of the defined benefit obligation:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Opening defined benefit obligation | (4,820) | (4,770) |
| Interest on obligation | (170) | (170) |
| Actuarial (losses)/gains | (720) | 30 |
| Benefits paid | 200 | 90 |
| Closing defined benefit obligation | **(5,510)** | **(4,820)** |

vi) Movement in fair value of Scheme assets:

| | 2017 £'000 | 2016 £'000 |
|---|---|---|
| Opening fair value of the Scheme assets | 6,370 | 6,510 |
| Interest on Scheme assets | 220 | 240 |
| Actual return/(loss) less interest on Scheme assets | 1,490 | (270) |
| Running costs paid by the Scheme | (70) | (60) |
| Contributions by the employer | 120 | 40 |
| Benefits paid | (200) | (90) |
| Closing fair value of Scheme assets | **7,930** | **6,370** |

The actual return on the scheme's assets over the year was a gain of £1,710,000 (2016: loss of £30,000).

## 18. Business combinations

***Acquisition of Thornton David Fein***

On 1 July 2016 Clyde & Co US LLP acquired the trade, assets and liabilities of Thornton Davis Fein ("TDF"), a partnership operating in Miami. The US LLP acquired the assets and liabilities of TDF in return for which the members of TDF became Equity members of Clyde & Co US LLP Clyde & Co LLP. The purchase has been accounted for using the acquisition method of accounting.

In calculating the goodwill arising on acquisition, the fair value of net assets of £3,292,185 have been assessed and adjustments from book value have been made where necessary.

| | Note | Book value £'000 | Fair value adjustments £'000 | Fair value £'000 |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Tangible | | 715 | - | 715 |
| **Current assets** | | | | |
| Debtors | (a) | 201 | 2,390 | 2,591 |
| Cash at bank and in hand | | 20 | - | 20 |
| Total current assets | | 221 | 2,390 | 2,611 |
| **Creditors** | | | | |
| Due within one year | | (34) | - | (34) |
| **Fair value of net assets** | | **902** | **2,390** | **3,292** |
| Goodwill | | | | - |
| **Total purchase consideration** | | | | **3,292** |
| Purchase consideration | | | | 3,292 |
| Members balances granted in Clyde & Co US LLP | | | | (3,292) |
| **Cash outflow on acquisition** | | | | - |

The results of the Miami office since its acquisition are as follows:

| | Current period since acquisition £'000 |
|---|---|
| Turnover | 5,849 |
| Profit for the financial year before members' remuneration and profit shares | 2,060 |

The adjustments arising on acquisition were in respect of the following:

a. An increase of debtors represents the recognition of Accounts Receivable and Unbilled Work In Progress net of a specific bad debt provision under Clyde & Co's accounting policies.

## 19. Contingent liabilities

In the normal course of business the group undertakes claims handling work on a delegated basis for a number of insurance company clients who seek to rely on the general exemption from value added tax (VAT) on such insurance work. The group considers that the schemes it operates or has operated are covered by the exemption, but if that interpretation of the applicable VAT rules is incorrect a liability may arise to HMRC. It is not possible to reliably quantify any such liability and, as a result, no provision has been made in the financial statements.

## 20. Commitments under operating lease

The group had minimum lease payments under non-cancellable operating leases as set out below:

| | 2017<br>£'000 | 2016<br>£'000 |
|---|---|---|
| Not later than 1 year | 27,726 | 24,246 |
| Later than 1 year and not later than 5 years | 73,175 | 72,620 |
| Later than 5 years | 77,191 | 80,794 |
| | **178,092** | **177,660** |

The LLP had no commitments under non-cancellable operating leases as at the balance sheet date.

## 21. Related party disclosures

Clyde & Co LLP has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions or balances with entities that are included in these consolidated financial statements.

Key management personnel include all designated members and a number of senior members and senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £12,385,233 (2016: £12,514,981).

## 22. Bank guarantees

At 30 April 2017 the LLP has entered into ten bank guarantee contracts in relation to rent on eleven properties, for Euro 143,467, US dollars 1,873,043, US dollars 150,000, US dollars 750,000, US dollars 275,000, AUD 2,906,757, AUD 1,152,686, AUD 416,637, AUD 270,152, AUD 711,298 and AUD 224,026. At year end exchange rates, this commitment amounts to £5,784,162 (2016: £3,689,942).