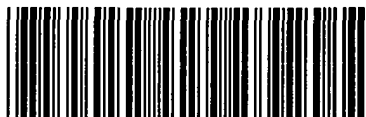


Pinsent Masons LLP

**Annual Report and Consolidated Financial
Statements for the year ended 30 April 2015**

Registered number: OC333653

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Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2015

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Pinsent Masons LLP

Annual Report and Financial Statements For the year ended 30 April 2015

Officers and Professional Advisers

REGISTERED NUMBER

OC333653

DESIGNATED MEMBERS

Richard Foley

John Cleland

Alastair Morrison

Richard Masters

Laura Cameron

Kirkland Murdoch

Catherine Workman

REGISTERED OFFICE

30 Crown Place

London

United Kingdom

EC2A 4ES

BANKERS

Barclays Bank plc

1 Churchill Place

London

E14 5HP

Royal Bank of Scotland plc

280 Bishopsgate

London

EC2M 4RB

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

Pinsent Masons LLP

Report to the Members

The Board is pleased to present its annual report to the members of Pinsent Masons LLP and the audited financial statements of the Group (or 'the firm') for the year ended 30 April 2015.

Principal Activity and Business Review

Pinsent Masons LLP's principal activity is the provision of legal services.

The Group has offices in the UK, United Arab Emirates, Qatar, Hong Kong, Singapore, People's Republic of China, France, Germany, Turkey and the Falkland Islands. The principal subsidiary undertakings of Pinsent Masons LLP are set out in note 10.

The profit for the year, the financial position at 30 April 2015 and future prospects are considered satisfactory by the members.

Designated Members

The designated members who served during the year and to the date of this report were:

Richard Foley	(Appointed 1 October 2014)
John Cleland	(Appointed 1 May 2015)
Christopher Mullen	(Resigned 30 September 2014)
David Ryan	(Resigned 1 May 2015)
Iain Monaghan	(Resigned 1 May 2015)
Alastair Morrison	
Richard Masters	
Laura Cameron	
Kirkland Murdoch	
Catherine Workman	

Members' Drawings and Capital Policy

The policy on members' drawings is dependent upon the working capital requirements of the firm. A conservative level of monthly drawings is set at the start of the year and further distributions are made once the results for the year can be estimated.

The level of members' capital is determined by the members from time to time. Capital is repaid to members following cessation of membership of the firm.

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Our approach to disabled employees is part of an award winning diversity programme. This programme has promoted an inclusive culture that encourages everyone, regardless of gender, sexual orientation, (including gay, lesbian, bisexual and transgender), marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability, age or pregnancy to realise their full potential.

Pinsent Masons LLP

Report to the Members (continued)

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 and regular staff surveys.

Charitable and Political Donations

During the year the Group made charitable donations of £67,585 primarily to the Pinsent Masons Foundation, an independent charitable trust which runs its policy alongside the Pinsent Masons Responsible Business programme and gives support for charities and projects that inspire young lives.

The Group made no donations to political parties during the year.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP as the firm's auditor will be proposed at the next Board meeting.

Signed on behalf of the Board



29 September 2015

John Cleland

Managing Partner and

Designated Member

Pinsent Masons LLP

Members' Responsibilities Statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the 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 firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- 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.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Independent Auditor's Report to the Members of Pinsent Masons LLP

We have audited the financial statements of Pinsent Masons LLP for the year ended 30 April 2015 which comprise the Consolidated Profit and Loss account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the LLP Balance Sheet, the Consolidated Cash Flow statement and the related notes 1 to 20. 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 LLPs 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 designated 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 of the parent LLP's affairs as at 30 April 2015 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 Pinsent Masons LLP (continued)

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 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.



Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

30 September 2015

Pinsent Masons LLP

Consolidated Profit and Loss Account For the year ended 30 April 2015

	Notes	2015 £'000	2014 £'000
Turnover	1, 2	363,633	323,525
Operating costs			
Staff costs	4	(161,877)	(145,614)
Depreciation and amortisation	8, 9	(6,374)	(6,403)
Other operating charges		<u>(84,270)</u>	<u>(80,598)</u>
Operating profit		111,112	90,910
Net interest payable and similar charges	5	<u>(362)</u>	<u>(562)</u>
Profit for the year before taxation and profit shares		110,750	90,348
Taxation on profit on ordinary activities	6	<u>(1,342)</u>	<u>(1,367)</u>
Profit for the year before members' remuneration and profit shares		109,408	88,981
Members' remuneration charged as an expense		-	-
Profit for the year available for division among members	15	<u>109,408</u>	<u>88,981</u>

The profits for the year are all derived from continuing activities.

Pinsent Masons LLP

Consolidated Statement of Total Recognised Gains and Losses For the year ended 30 April 2015

	2015	2014
	£'000	£'000
Profit for the financial year	109,408	88,981
Foreign exchange translation reserve	<u>2,410</u>	<u>(344)</u>
Total recognised gains and losses relating to the year	<u>111,818</u>	<u>88,637</u>

Pinsent Masons LLP
Registered number: OC333653

Consolidated Balance Sheet
As at 30 April 2015

		2015	2014
	Notes	£'000	£'000
Fixed assets			
Goodwill	8	-	101
Tangible assets	9	31,138	34,576
Investments		141	-
Current assets			
Amounts due from members		39,016	38,017
Debtors	11	146,947	134,844
Cash at bank and in hand		20,036	6,331
		<u>205,999</u>	<u>179,192</u>
Creditors: amounts falling due within one year	12	(56,243)	(65,845)
Net current assets		<u>149,756</u>	<u>113,347</u>
Total assets less current liabilities		181,035	148,024
Creditors: amounts falling due after more than one year	13	(19,851)	(21,347)
Provisions for liabilities	14	(5,767)	(5,425)
Net assets attributable to members		<u>155,417</u>	<u>121,252</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability under FRS 25	15	46,744	36,600
Other amounts	15	6,679	5,839
		<u>53,423</u>	<u>42,439</u>
Equity			
Members' other interests	15	101,994	78,813
		<u>155,417</u>	<u>121,252</u>
Total members' interests			
Amounts due from members		(39,016)	(38,017)
Loans and other debts due to members		53,423	42,439
Members' other interests		101,994	78,813
		<u>116,401</u>	<u>83,235</u>

These financial statements were approved and authorised for issue on *29th September* 2015.

Charlotte Beckett 29/9/15
Charlotte Beckett

Director of Finance

John Cleland

John Cleland

Managing Partner and Designated Member

The notes on pages 12 to 28 form part of these financial statements.

Pinsent Masons LLP
Registered number: OC333653

LLP Balance Sheet
As at 30 April 2015

		2015	2014
	Note	£'000	£'000
Fixed assets			
Goodwill	8	-	101
Tangible assets	9	27,038	30,392
Investments		141	-
Current assets			
Amounts due from members		34,045	35,863
Debtors	11	138,326	135,146
Cash at bank and in hand		19,876	5,717
		<u>192,247</u>	<u>176,726</u>
Creditors: amounts falling due within one year	12	<u>(56,213)</u>	<u>(69,773)</u>
Net current assets		<u>136,034</u>	<u>106,953</u>
Total assets less current liabilities		163,213	137,446
Creditors: amounts falling due after more than one year	13	(19,481)	(21,347)
Provisions for liabilities	14	<u>(5,567)</u>	<u>(5,425)</u>
Net assets attributable to members		<u>138,165</u>	<u>110,674</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability under FRS 25	15	46,234	36,516
Other amounts	15	497	1,432
		<u>46,731</u>	<u>37,498</u>
Equity			
Members' other interests	15	<u>91,434</u>	<u>72,726</u>
		<u>138,165</u>	<u>110,674</u>
Total members' interests			
Amounts due from members		(34,045)	(35,863)
Loans and other debts due to members		46,731	37,948
Members' other interests		<u>91,434</u>	<u>72,726</u>
		<u>104,120</u>	<u>74,811</u>

These financial statements were approved and authorised for issue on *29th September* 2015.

Charlotte Beckett 29/9/15

Charlotte Beckett

Director of Finance

John Cleland

John Cleland

Managing Partner and Designated Member

The notes on pages 12 to 28 form part of these financial statements.

Pinsent Masons LLP

Consolidated Cash Flow Statement For the year ended 30 April 2015

		2015	2014
	Note	£'000	£'000
Net cash inflow from operating activities	18	117,058	92,723
Servicing of finance	19	(313)	(511)
Capital expenditure and financial investment	19	<u>(3,280)</u>	<u>(6,690)</u>
Cash inflow before financing and members' distributions		113,465	85,522
Financing	19	9,644	(2,129)
Loan and lease repayments	19	-	212
Distributions to members	19	<u>(88,783)</u>	<u>(93,350)</u>
Increase / (decrease) in cash in the year		<u>34,326</u>	<u>(9,745)</u>
Reconciliation of net cash flow to movement in net funds			
Increase / (decrease) in cash		34,326	(9,745)
Cash inflow / (outflow) from movement in debt financing	20	<u>1,524</u>	<u>(212)</u>
Movement in net funds / (deficit)		35,850	(9,957)
Deficit at the start of year	20	<u>(15,814)</u>	<u>(5,857)</u>
Funds / (deficit) at the end of year	20	<u>20,036</u>	<u>(15,814)</u>

Pinsent Masons LLP

Notes to the Financial Statements For the year ended 30 April 2015

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom applicable law and accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. There are no differences between the profit on ordinary activities before taxation and the profit available for division among the members and their historical cost equivalents.

No individual profit and loss account is included for Pinsent Masons LLP, as permitted by Section 408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Pinsent Masons LLP and all of its subsidiary undertakings (the 'Group'). A list of the principal subsidiary undertakings which are consolidated in these financial statements is given in note 10 to the financial statements.

Going concern

In common with other businesses the current economic conditions mean that demand for our services could be impacted in the short term. In addition, liquidity pressure on both our clients and suppliers could also have an adverse impact on the business. However, the Group has considerable financial resources together with a diverse range of clients and suppliers across different geographic locations and sectors. The Group also has considerable discretion over the timing of any cash distributions to its members.

The Group meets its day-to-day working capital requirements through overdraft and committed term facilities which are renewable on a rolling basis. The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

Notwithstanding the current economic conditions and potential uncertainty over the level and timing of future revenues, having considered the Group's forecasts and projections and the level of committed facilities available, the Members are satisfied that the firm has adequate resources to continue in operational existence for a period of not less than twelve months from the date the financial statements were signed by the Board. For this reason the Members continue to adopt the going concern basis in preparing the financial statements.

Fee Income and Revenue Recognition

Fee income represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions': Application Note G 'Revenue Recognition' and the Urgent Issues Task Force Abstract 40 'Revenue recognition and service contracts'. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

1. Accounting policies (continued)

Fee Income and Revenue Recognition (continued)

Unbilled fee income is included as amounts recoverable on contracts within debtors. Amounts recoverable on contracts are stated at fair value where the right to consideration has been obtained.

Where the substance of a contract is such that a right to consideration does not arise until the occurrence of a critical event, the asset and revenue are valued at £nil.

Acquisitions

On acquisition of a business, fair values are attributed to the Group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such assets, the difference is treated as goodwill and capitalised in the consolidated balance sheet in the year of acquisition.

The results and cash flows relating to a business are included in the consolidated profit and loss account and consolidated cash flow statement from the date of acquisition.

Intangible assets

Positive goodwill arising in respect of acquisitions is included within intangible fixed assets and is amortised on a straight-line basis over its estimated useful economic life, being 3 years. Provision is made for any impairment to the extent it is considered appropriate during its economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold property improvements	- evenly over the estimated useful life (currently between 5 and 20 years but not longer than the lease term)
Furniture and equipment	- 15%-33% per annum straight-line
Computer installation and software licences	- 33% per annum straight-line

No depreciation is charged on assets under construction.

Investments

Investments are stated at cost less provision for impairment.

Taxation

The taxation payable on the profits of limited liability partnerships is usually the personal liability of the members for the year. An amount is retained from each member's profit share within Pinsent Masons LLP to cover the member's estimated liability for income tax and social security contributions on their profit share.

In certain other jurisdictions, tax is payable by the LLP or by its subsidiary undertakings.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

1. Accounting policies (continued)

Foreign currencies

Transactions denominated in currencies other than the reporting currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities not denominated in the reporting currency at the balance sheet date are translated at the rates ruling at that date. Differences arising on translation of the opening net assets and results of operations where the functional currency is not sterling are reported in reserves and the consolidated statement of total recognised gains and losses.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Lease incentives are charged to operating profit on a straight line basis over the shorter of the lease term and the period up to the next rent review.

Provisions

Provision is made for the best estimate of expected losses from onerous contracts; in particular, in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from subtenants.

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

The provision for claims represents the estimated cost to the Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

The value of the provision for former member annuities is based on the best estimate of the current value of future cash flows.

Discounting

Longer term provisions are shown at the present value of the expected liability. The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account and is included under the 'Net Interest Payable' caption.

Pension costs

The LLP operates a number of Group Personal Pension Plans which are defined contribution schemes. The assets of these are held separately from those of the LLP. The amount charged to the profit and loss account represents the contributions payable to the Personal Pension Plans in respect of the accounting year.

Related parties

The LLP has taken advantage of the exemption in paragraph 3 (c) of Financial Reporting Standard No 8 'Related Party Disclosures' not to disclose transactions with wholly owned fellow Group undertakings.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

2. Segmental analysis

The Group's turnover derives wholly from the provision of legal services.

No segmental analysis has been shown. The Board considers that such a disclosure would be prejudicial to the business.

3. Profit on ordinary activities available to members

	2015 £'000	2014 £'000
Profit on ordinary activities available to members is stated:		
After charging / (crediting):		
Operating lease rentals:		
Land and buildings	19,924	18,909
Furniture and equipment	182	185
Foreign exchange (gains) / losses	(52)	219
Loss / (gain) on disposal of fixed assets	196	(4)
Depreciation	6,273	6,160
Amortisation	101	243
Fees payable to the auditor:		
Fees payable to the auditor for the audit of the annual accounts	66	65
Fees payable to the auditor and their associates for other services to the Group:		
- Audit of the financial statements of subsidiary undertakings pursuant to legislation	56	47
- Other services pursuant to legislation	55	54
- Taxation compliance services	481	435

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

4. Staff costs and numbers

	2015	2014
	£'000	£'000
Analysis of employee costs		
Basic salaries	137,586	124,033
Social security costs	12,099	11,456
Other pension costs	4,435	3,943
Other costs	7,757	6,182
	<u>161,877</u>	<u>145,614</u>

The average number of employees during the year were:

	2015	2014
	Number	Number
Fee earners	1,310	1,319
Support staff:		
Secretarial support	353	394
Business support	632	611
	<u>2,295</u>	<u>2,324</u>

Average member numbers during the year:

Equity	141	142
Non-equity	190	188
	<u>331</u>	<u>330</u>

5. Net interest payable / (receivable)

	2015	2014
	£'000	£'000
Interest payable and similar charges	422	538
Interest receivable, net of interest paid to clients	(110)	(37)
Interest to former partners	1	10
Interest cost on post-retirement annuities	49	51
	<u>362</u>	<u>562</u>

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

6. Taxation on profit on ordinary activities

The tax charge arises within the subsidiary undertakings of the Group and represents

	2015	2014
	£'000	£'000
Current Tax		
UK corporation tax		
UK corporation tax charge for the year	1,411	1,347
UK corporation tax prior year adjustment	(18)	20
Total current tax	1,393	1,367
Deferred tax	(51)	-
Total tax on profit on ordinary activities	1,342	1,367

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

The proportion of tax payable that is a personal liability is not shown in these financial statements whereas the proportion that is a liability of the LLP is shown.

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	110,750	90,348
Less: Amounts subject to personal tax	(104,313)	(87,007)
Profits subject to corporate tax charge	6,437	3,341

Reconciliation of corporate tax charge

	2015	2014
	£'000	£'000
Corporate profit subject to tax	6,437	3,341
Tax at UK standard corporation tax rate of 20.9% (2014: 22.8%)	1,345	762
Tax effects of:		
Transfer pricing adjustment	-	624
Movement in short term timing difference	66	(39)
Prior year adjustments	(18)	20
Current tax charge for year	1,393	1,367

The UK corporation tax charge includes an amount as a result of UK transfer pricing legislation. The cost of this is offset by a compensating payment from the members of Pinsent Masons LLP.

From 1 April 2015, the main rate of corporation tax reduced to 20%. This rate has been used to calculate the deferred tax balance as it was substantively enacted at the balance sheet date. In the budget on 8 July 2015, the government announced further reduction in the main rate of corporation tax to 19% in 2017 and 18% in 2020. These changes have not been substantively enacted.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

7. Profit for the year before members' remuneration and profit shares

Profits are shared among the members each year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pensions from their profit shares.

	2015 Number	2014 Number
Average number of members (note 4)	331	330

At 30 April 2015 there were 323 members (2014: 322 members). The highest remuneration of a member for the year, which was allocated since the year end, was £856,293 (2014: £621,739).

Pinsent Masons LLP has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. Its own profit for the year before members' remuneration and profit shares was £100,113,000 (2014: £82,360,000).

8. Intangible fixed assets

Group and LLP	Goodwill £'000
Cost	
At 1 May 2014	637
Additions	-
At 30 April 2015	637
Amortisation	
At 1 May 2014	(536)
Charge for the year	(101)
At 30 April 2015	(637)
Net book value	
At 30 April 2015	-
At 30 April 2014	101

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

9. Tangible fixed assets

Group	Leasehold property improvements £'000	Furniture and equipment £'000	Computer installation £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2014	53,781	5,363	10,305	34	69,483
Additions	853	133	1,957	-	2,943
Disposals	(252)	(1,162)	(4,749)	-	(6,163)
Exchange adjustment	236	129	36	-	401
At 30 April 2015	54,618	4,463	7,549	34	66,664
Depreciation					
At 1 May 2014	24,335	2,418	8,139	15	34,907
Charge for the year	3,693	433	2,141	6	6,273
Disposals	(58)	(1,160)	(4,749)	-	(5,967)
Exchange adjustment	187	(29)	156	(1)	313
At 30 April 2015	28,157	1,662	5,687	20	35,526
Net book value					
At 30 April 2015	26,461	2,801	1,862	14	31,138
At 30 April 2014	29,446	2,945	2,166	19	34,576

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

9. Tangible fixed assets (continued)

LLP	Leasehold property improvements £'000	Furniture and equipment £'000	Computer installation £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 May 2014	49,467	5,086	10,117	34	64,704
Intercompany transfers	(577)	(16)	(63)	-	(656)
Additions	553	40	1,917	-	2,510
Disposals	(6)	(1,159)	(4,749)	-	(5,914)
Exchange adjustment	282	100	28	-	410
At 30 April 2015	49,719	4,051	7,250	34	61,054
Depreciation					
At 1 May 2014	24,016	2,279	8,002	15	34,312
Intercompany transfers	(143)	(4)	(10)	-	(157)
Charge for the year	3,180	411	1,854	6	5,451
Disposals	(1)	(1,159)	(4,749)	-	(5,909)
Exchange adjustment	172	109	39	(1)	319
At 30 April 2015	27,224	1,636	5,136	20	34,016
Net book value					
At 30 April 2015	22,495	2,415	2,114	14	27,038
At 30 April 2014	25,451	2,807	2,115	19	30,392

10. Investments

Subsidiary undertakings

The principal subsidiary undertakings of the LLP at 30 April 2015 were:

	Country of incorporation / operation	Principal activities
Pinsent Masons Germany LLP	England & Wales	Legal services
Pinsent Masons France LLP	England & Wales	Legal services
Pinsent Masons Belfast LLP	England & Wales	Legal services
Pinsent Masons Services Limited	England & Wales	Service company
Trustee Solutions Limited	England & Wales	Pension trustee
McGrigors Pension Trustees Limited	Scotland	Pension trustee
Pinsent Masons Hong Kong (an unlimited partnership)	Hong Kong	Legal services
Pinsent Masons Management Limited	Hong Kong	Management services
Pinsent Masons MPillay LLP	Singapore	Legal services

Members of Pinsent Masons LLP have beneficial ownership of the above consolidated entities.

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Notes to the Financial Statements (continued) For the year ended 30 April 2015

11. Debtors

	Group		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	103,304	94,976	94,449	89,764
Amounts recoverable on contracts	25,538	21,143	23,044	19,369
Amounts due from Group undertakings	-	-	5,486	11,812
Deferred tax asset	93	-	-	-
Prepayments and accrued income	18,012	18,725	15,347	14,201
	<u>146,947</u>	<u>134,844</u>	<u>138,326</u>	<u>135,146</u>

12. Creditors: amounts falling due within one year

	Group		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank overdraft	-	20,621	-	19,483
Other loans	-	1,524	-	1,524
Lease purchase creditor	469	469	469	469
Trade creditors	20,573	20,518	19,043	19,318
Amounts due to Group undertakings	-	-	13,726	14,858
Other creditors inc. taxation and social security	12,141	9,720	7,652	5,125
Accruals and deferred income	23,060	12,993	15,323	8,996
	<u>56,243</u>	<u>65,845</u>	<u>56,213</u>	<u>69,773</u>

Other loans in the prior year were unsecured. They carried a fixed interest rate of 1.51% pa and were fully repayable in less than one year.

A five year lease purchase agreement was entered into on 31 March 2011 with an interest rate of 4.8% pa. The remaining payment on this agreement shows within creditors due within one year.

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Notes to the Financial Statements (continued) For the year ended 30 April 2015

13. Creditors: amounts falling due after more than one year

	Group		LLP	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Operating lease incentive creditor	19,851	20,878	19,481	20,878
Lease purchase creditor	-	469	-	469
	<u>19,851</u>	<u>21,347</u>	<u>19,481</u>	<u>21,347</u>

In connection with the Firm's relocation to new London premises, certain cash financial incentives were received. In accordance with accounting standards these incentives will be recognised over the life of the new lease. Therefore a creditor of £19,481,000 (2014: £20,725,000) has been recognised. This balance will be released to the profit and loss account over the life of the new lease reducing the annual rent and other property costs charged.

14. Provisions for liabilities

Group	2014 £'000	Charge for the year £'000	Released/ utilised in year £'000	2015 £'000
Professional indemnity claims	1,587	1,050	(1,097)	1,540
Property provisions	2,666	2,143	(1,707)	3,102
Former member annuities	<u>1,172</u>	<u>-</u>	<u>(47)</u>	<u>1,125</u>
	<u>5,425</u>	<u>3,193</u>	<u>(2,851)</u>	<u>5,767</u>

LLP	2014 £'000	Charge for the year £'000	Released/ utilised in year £'000	2015 £'000
Professional indemnity claims	1,587	1,050	(1,097)	1,540
Property provisions	2,666	1,943	(1,707)	2,902
Former member annuities	<u>1,172</u>	<u>-</u>	<u>(47)</u>	<u>1,125</u>
	<u>5,425</u>	<u>2,993</u>	<u>(2,851)</u>	<u>5,567</u>

The provision for claims represents the estimated cost to the Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

14. Provisions for liabilities (continued)

Property provisions represent expected losses from onerous contracts in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from subtenants. It is expected that the majority of this expenditure will be incurred within three years of the balance sheet date.

The provision for former member annuities represents the cost of providing annuities to certain former members and employees. The principal actuarial assumptions used, after the application of mortality rates, in assessing the provision are:

	30 April 2015	30 April 2014
Discount rate	3.3%	4.2%
Pension increases	3.4%	3.5%
Post retirement mortality	S1PA Tables CMI_ 2013 1% projections	S1PA Tables CMI_ 2013 1% projections

The discount rate of 3.3% (2014: 4.2%) is based on the yield available on AA corporate bonds.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

15. (a) Reconciliation of members' interests

The Group

	Members' capital classified as debt under FRS 25	Loans and other debts due to members	Members' other interests	Subtotal	Loans and other debts due from members	Total Members' Interests
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at 1 May 2014	36,600	5,839	78,813	121,252	(38,017)	83,235
Profit for the financial year available for discretionary division among members	-	-	110,750	110,750	-	110,750
Taxation on profit	-	-	(1,342)	(1,342)	-	(1,342)
Members' interests after profit for the year	36,600	5,839	188,221	230,660	(38,017)	192,643
Allocation of profits	-	50,620	(88,637)	(38,017)	38,017	-
Capital introduced	12,320	-	-	12,320	-	12,320
Capital repaid	(2,207)	-	-	(2,207)	-	(2,207)
Payments made to and on behalf of members	-	(49,767)	-	(49,767)	(39,016)	(88,783)
Capitalisation of current accounts	25	(25)	-	-	-	-
Foreign exchange movements	-	-	2,410	2,410	-	2,410
Other movements	6	12	-	18	-	18
Members' interests at 30 April 2015	46,744	6,679	101,994	155,417	(39,016)	116,401

Members are required under the terms of the Members Agreement to provide capital in proportion to the profit sharing points allocated to them. The amount per point is assessed annually, with any changes usually being effective on 1 May. Capital is repaid to members following cessation of membership of the limited liability partnership and so is presented above in amounts due to members.

The Board did not decide on the division of profit until after the balance sheet date. As a result, the balance of profit available for division among the members as at 30 April 2015 is included in members' other interests. Drawings by members on account of profits for the year have been included within amounts due from members. In the event of a winding up, members' capital and members' other interests rank subordinate to other unsecured creditors.

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

15. (b) Reconciliation of members' interests

The LLP

	Members' capital classified as debt under FRS 25	Loans and other debts due to members	Members' other interests	Subtotal	Loans and other debts due from members	Total Members' Interests
	£'000	£'000	£'000	£'000	£'000	£'000
Members' interests at 1 May 2014	36,516	1,432	72,726	110,674	(35,863)	74,811
Profit for the financial year available for discretionary division among members	-	-	100,113	100,113	-	100,113
Taxation on profit	-	-	-	-	-	-
Members' interests after profit for the year	36,516	1,432	172,839	210,787	(35,863)	174,924
Allocation of profits	-	45,961	(81,824)	(35,863)	35,863	-
Capital introduced	11,900	-	-	11,900	-	11,900
Capital repaid	(2,207)	-	-	(2,207)	-	(2,207)
Payments made to and on behalf of members	-	(48,996)	-	(48,996)	(34,045)	(83,041)
Capitalisation of current accounts	25	(25)	-	-	-	-
Foreign exchange movements	-	-	419	419	-	419
Other movements	-	2,125	-	2,125	-	2,125
Members' interests at 30 April 2015	46,234	497	91,434	138,165	(34,045)	104,120

Pinsent Masons LLP

Notes to the Financial Statements (continued) For the year ended 30 April 2015

16. Commitments

- (i) At the year end contracts placed for future capital expenditure not provided for in the financial statements were £nil (2014: £nil).
- (ii) Annual commitments under non-cancellable operating leases at the end of the financial year were as follows:

	2015 £'000	2014 £'000
Operating lease payments due within the next twelve months in respect of land and buildings:		
Terminating within one year	1,355	1,592
Terminating between two and five years	7,914	8,319
Terminating after five years	15,567	14,944
	<u>24,836</u>	<u>24,855</u>

17. Contingent liabilities

In the normal course of business, the partnership may receive claims for alleged negligence. The partnership maintains an appropriate level of professional indemnity insurance cover which is reviewed annually. Where appropriate, provision is made for the costs arising from such claims net of the related insurance receivable. Claims notified are not expected to give rise to any material unprovided liability.

18. Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating profit	111,112	90,910
Depreciation and amortisation	6,374	6,403
Increase in debtors	(12,103)	(1,898)
Increase in creditors	12,543	2,397
Increase in provisions and other balances	(868)	(5,089)
Net cash inflow from operating activities	<u>117,058</u>	<u>92,723</u>

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Notes to the Financial Statements (continued) For the year ended 30 April 2015

19. Notes to the cash flow statement

Analysis of cash flows

	2015 £'000	2014 £'000
Returns on investments and servicing of finance		
Interest paid	(422)	(538)
Bank interest received, net of interest paid to clients	110	37
Interest paid to former partners	(1)	(10)
	<u>(313)</u>	<u>(511)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,943)	(6,698)
(Loss) / proceeds from sale of tangible fixed assets	(196)	8
Purchase of trade investment	(141)	-
	<u>(3,280)</u>	<u>(6,690)</u>
Financing		
Fixed capital introduced	12,320	4,330
Fixed capital repaid	(2,207)	(5,990)
Lease finance	(469)	(469)
	<u>9,644</u>	<u>(2,129)</u>
Loans and lease repayments		
Other loan repayments	-	(2,837)
New loans	-	3,049
	<u>-</u>	<u>212</u>
Distributions to members		
Distributions to members and former members	(51,772)	(52,491)
Taxation paid on behalf of members	(37,011)	(40,859)
	<u>(88,783)</u>	<u>(93,350)</u>

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Notes to the Financial Statements (continued) For the year ended 30 April 2015

20. Analysis of net funds

	At 1 May 2014 £'000	Cash flows £'000	At 30 April 2015 £'000
Cash at bank and in hand	6,331	13,705	20,036
Overdrafts	(20,621)	20,621	-
	<u>(14,290)</u>	<u>34,326</u>	<u>20,036</u>
Other loans due within one year	(1,524)	1,524	-
	<u>(15,814)</u>	<u>35,850</u>	<u>20,036</u>