



N A B A R R O

Nabarro LLP

Report and Financial Statements

30 April 2016



Limited Liability Partnership Registration No: OC334031

Report and Financial Statements

Year ended 30 April 2016

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Report to the Members

Year ended 30 April 2016

The Board of Nabarro LLP (the "Board") is pleased to present its report and the audited consolidated financial statements for the year ended 30 April 2016 to the members of Nabarro LLP. In this report, "the Firm" refers to Nabarro LLP and its subsidiary undertakings.

Principal activity and business review

The Firm's principal activity is the provision of legal services. All results derive from continuing activities. The Firm's profit before tax amounted to £47,215,000 (2015: £51,007,000 after adjusting for FRS102; £52,626,000 as previously reported). The profit for the year after tax on subsidiaries' profits amounted to £46,668,000 (2015: £50,507,000 after adjusting for FRS102; £52,126,000 as previously reported). The Board considers the Firm's financial position at the year end to be satisfactory.

Designated members

The designated members who served throughout the year to 30 April 2016, except where stated, were:

Andrew Banton	(resigned 1 May 2016)
Ciaran Carvalho	(appointed 1 May 2016)
John Cumpson	(appointed 1 November 2015; resigned 30 April 2016)
Tom Dane	(appointed 19 September 2015)
Jonathan Douglas	(resigned 1 May 2016)
Patricia Godfrey	(resigned 1 May 2016)
Andrew Inkester	
Michael Logan	(resigned 1 November 2015)
George Lubega	(appointed 1 May 2016)
Martin McKervey	
Iain Newman	
Stephen Scott	(resigned 1 May 2016)
Graham Stedman	(resigned 30 April 2016)
Clive Swillman	(resigned 1 May 2016)
Anne-Marie Winton	(resigned 31 August 2015)
Andrew Wylie	(resigned 31 March 2016)

Designated members are all members of the Board.

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 is set at the start of the year, interim distributions are made after the end of the financial year based on a conservative estimate of profits and distributions of the residual balance are made once the results for the year and division of profit have been finalised.

The level of members' capital is determined by the members from time to time. Capital is repaid to members within six months of cessation of membership of Nabarro LLP.

Post balance sheet event

On 6 October 2016 the members of Nabarro LLP voted to merge with CMS Cameron McKenna LLP and Olswang LLP with effect from 1 May 2017.

Report to the Members (continued)

Year ended 30 April 2016

Going concern

The Firm had £22.7m of net cash at 30 April 2016 and further details of the financial position of the Firm, its cash flows and liquidity position are shown in notes 17 to 19. In common with other similar businesses, the current economic conditions mean that demand for our services could be impacted. In addition, liquidity pressure on both the Firm's clients and suppliers could also have an adverse impact on the business of the Firm. However, the Firm has considerable financial resources together with a diverse range of clients and suppliers across different locations and sectors. The Firm also has considerable discretion over the timing of any cash distributions paid to its members.

The Firm meets its day-to-day working capital requirements through cash generated from operating activities. It also has an overdraft facility which, although not used as at 30 April 2016, is due for renewal in January 2017. The Board has no reason to believe that this facility will not be renewed by the bank. The Firm's forecasts and projections, taking into account the Board's view of current economic conditions and the Firm's projected trading performance, show that the Firm should be able to operate well within the level of its current facility. The Firm will open renewal discussions with the bank with whom it has its overdraft facility in due course and has, at this stage, not sought any written commitment that the facility will be renewed.

After making enquiries, the Board has formed the view, at the time the members are asked to approve these financial statements, that there is a reasonable expectation that the Firm has adequate resources to continue trading for the foreseeable future. For this reason, the Board recommends the members continue to adopt the going concern basis in preparing the financial statements.

Auditor

Deloitte LLP is the Firm's independent auditor and a resolution for their reappointment will be proposed at a meeting of the Board.

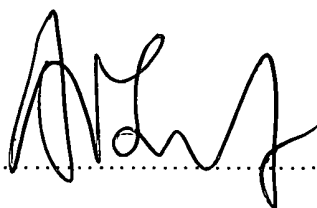
Registered office and other offices

The Firm's principal place of business and registered office is 125 London Wall, London EC2Y 5AL. The Firm also has offices in Sheffield, Manchester, Brussels, Dubai and Singapore. More information about Nabarro LLP is available on the Firm's website, www.nabarro.com

Signed on behalf of the Board:



Ciaran Carvalho
Designated Member



Andrew Inkester
Designated Member

Date: 31 October 2016

Members' Responsibilities Statement

The members are responsible for preparing the annual report and the financial statements of the limited liability partnership 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 financial year. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, 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 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 Nabarro LLP 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 Nabarro LLP 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 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.

All the responsibilities referred to above are exercised by the Board on behalf of the members.

Independent Auditor's Report to the Members of Nabarro LLP

We have audited the financial statements of Nabarro LLP for the year ended 30 April 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent LLP Balance Sheets, the Consolidated and Parent LLP Statements of changes in Members' Interests, the Consolidated Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 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 limited liability partnership'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 limited liability partnership's affairs as at 30 April 2016 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 properly 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 Nabarro LLP

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent limited liability partnership, 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

Date: 31 October 2016

Consolidated Profit and Loss Account
Year ended 30 April 2016

	Note	2016 £'000	2015 £'000
Fee income	2	129,468	129,431
Staff costs	4	(46,962)	(45,853)
Other expenses		(34,542)	(31,774)
Operating profit	3	47,964	51,804
Net interest payable	5	(749)	(797)
Profit on ordinary activities before taxation		47,215	51,007
Tax on profit on ordinary activities	6	(547)	(500)
Profit for the financial year	14	46,668	50,507

All amounts relate to continuing operations.

Consolidated Statement of Comprehensive Income
Year ended 30 April 2016

	Note	2016 £'000	2015 £'000
Profit for the financial year	14	46,668	50,507
Actuarial gain/ (loss) on defined benefit pension scheme	21	16,275	(8,586)
Currency translation difference on net investment in overseas subsidiaries		(48)	(70)
Total comprehensive income available for discretionary division among members		62,895	41,851

Consolidated Balance Sheet

At 30 April 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible fixed assets	9	<u>5,842</u>	<u>6,562</u>
Current assets			
Debtors	11	55,029	52,221
Amounts due from members	14	16,256	20,236
Cash at bank and in hand		<u>22,678</u>	<u>20,900</u>
		<u>93,963</u>	<u>93,357</u>
Creditors: amounts falling due within one year	12	<u>(17,093)</u>	<u>(13,827)</u>
Net current assets		<u>76,870</u>	<u>79,530</u>
Total assets less current liabilities		<u>82,712</u>	<u>86,092</u>
Provision for liabilities	13	(1,606)	(1,517)
Retirement benefit liabilities	21	<u>(12,227)</u>	<u>(31,884)</u>
Net assets		<u><u>68,879</u></u>	<u><u>52,691</u></u>
Represented by:			
Loans and other amounts due to members within one year			
Members' capital classified as a liability	14	17,568	16,589
Other amounts due to members	14	<u>13,462</u>	<u>16,254</u>
		<u>31,030</u>	<u>32,843</u>
Equity			
Members' other interests – other reserves classified as equity	14	<u>37,849</u>	<u>19,848</u>
		<u><u>68,879</u></u>	<u><u>52,691</u></u>
Total members' interests			
Amounts due from members	14	(16,256)	(20,236)
Loans and other amounts due to members		<u>31,030</u>	<u>32,843</u>
Members' other interests	14	<u>37,849</u>	<u>19,848</u>
		<u><u>52,623</u></u>	<u><u>32,455</u></u>

These financial statements on pages 6 to 31 were approved by the members of Nabarro LLP on ~~31 October 2016~~ and signed on their behalf by



Ciaran Carvalho
Designated Member



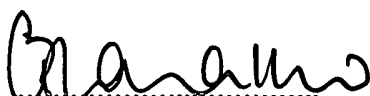
Andrew Inkester
Designated Member

Limited Liability Partnership Balance Sheet

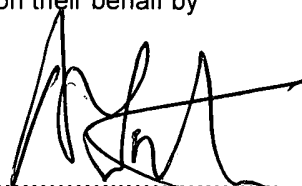
At 30 April 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible fixed assets	9	1,990	2,663
Investments	10	644	644
		<u>2,634</u>	<u>3,307</u>
Current assets			
Debtors	11	54,084	52,134
Amounts due from members	14	18,693	22,674
Cash at bank and in hand		22,521	20,852
		<u>95,298</u>	<u>95,660</u>
Creditors: amounts falling due within one year	12	<u>(13,882)</u>	<u>(12,102)</u>
Net current assets		<u>81,416</u>	<u>83,558</u>
Total assets less current liabilities		<u>84,050</u>	<u>86,865</u>
Provision for liabilities	13	(1,456)	(1,383)
Retirement benefit liabilities	21	(12,227)	(31,884)
Net assets		<u><u>70,367</u></u>	<u><u>53,598</u></u>
Represented by:			
Loans and other amounts due to members within one year			
Members' capital classified as a liability	14	17,568	16,589
Other amounts due to members	14	13,462	16,254
		<u>31,030</u>	<u>32,843</u>
Equity			
Members' other interests – other reserves classified as equity	14	39,337	20,755
		<u><u>70,367</u></u>	<u><u>53,598</u></u>
Total members' interests			
Amounts due from members	14	(18,693)	(22,674)
Loans and other amounts due to members		31,030	32,843
Members' other interests	14	39,337	20,755
		<u><u>51,674</u></u>	<u><u>30,924</u></u>

These financial statements on pages 6 to 31 were approved by the members of Nabarro LLP on 31 October 2016 and signed on their behalf by



Ciaran Carvalho
Designated Member



Andrew Inkester
Designated Member

Consolidated Statement of changes in Members' Interests

Year ended 30 April 2016

	Members' capital classified as a liability	Loans and other amounts due (from)/ to members	Members' other interests	Total members' interests
	£'000	£'000	£'000	£'000
Members' interests at 1 May 2014	17,305	(3,940)	17,936	31,301
Profit for the financial year available for discretionary division among members	-	-	50,507	50,507
Actuarial loss	-	-	(8,586)	(8,586)
Members' interests after profit for the year	17,305	(3,940)	59,857	73,222
Division of prior year profit	-	39,939	(39,939)	-
Drawings and distributions	-	(39,862)	-	(39,862)
Capital introduced	1,050	(119)	-	931
Capital repaid	(1,766)	-	-	(1,766)
Exchange difference	-	-	(70)	(70)
Members' interests at 30 April 2015	16,589	(3,982)	19,848	32,455
Profit for the financial year available for discretionary division among members	-	-	46,668	46,668
Actuarial loss	-	-	16,275	16,275
Members' interests after profit for the year	16,589	(3,982)	82,791	95,398
Division of prior year profit	-	44,896	(44,896)	-
Drawings and distributions	-	(43,682)	-	(43,682)
Capital introduced	2,060	(26)	-	2,034
Capital repaid	(1,081)	-	-	(1,081)
Exchange difference	-	-	(46)	(46)
Members' interests at 30 April 2016	<u>17,568</u>	<u>(2,794)</u>	<u>37,849</u>	<u>52,623</u>

Limited Liability Partnership Statement of changes in Members' Interests
Year ended 30 April 2016

	Members' capital classified as a liability £'000	Loans and other amounts due (from)/ to members £'000	Members' other interests £'000	Total members' interests £'000
Members' interests at 1 May 2014	17,305	(6,378)	19,544	30,471
Profit for the financial year available for discretionary division among members	-	-	49,736	49,736
Actuarial loss	-	-	(8,586)	(8,586)
Members' interests after profit for the year	17,305	(6,378)	60,694	71,621
Division of prior year profit	-	39,939	(39,939)	-
Drawings and distributions	-	(39,862)	-	(39,862)
Capital introduced	1,050	(119)	-	931
Capital repaid	(1,766)	-	-	(1,766)
Members' interests at 30 April 2015	16,589	(6,420)	20,755	30,924
Profit for the financial year available for discretionary division among members	-	-	47,203	47,203
Actuarial gain	-	-	16,275	16,275
Members' interests after profit for the year	16,589	(6,420)	84,233	94,402
Division of prior year profit	-	44,896	(44,896)	-
Drawings and distributions	-	(43,681)	-	(43,681)
Capital introduced	2,060	(26)	-	2,034
Capital repaid	(1,081)	-	-	(1,081)
Members' interests at 30 April 2016	17,568	(5,231)	39,337	51,674

Consolidated Cash Flow Statement

Year ended 30 April 2016

	Note	2016 £'000	2015 £'000
Net cash inflows from operating activities	17	2,998	5,210
Net cash outflows from investing activities	18	(1,051)	(5,012)
Net cash outflows from financing activities	18	(169)	(1,819)
Increase/ (decrease) in cash in the year	19	<u>1,778</u>	<u>(1,621)</u>

Notes to the Financial Statements

Year ended 30 April 2016

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.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014).

The prior year figures in these financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 24.

The functional currency of Nabarro LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Partnership operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Nabarro LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b) Basis of preparation

As permitted by Section 408 of the Companies Act 2006, no individual profit and loss account is presented for Nabarro LLP.

c) Basis of consolidation

The financial statements consolidate the financial statements of Nabarro LLP and all of its subsidiary undertakings drawn up to 30 April each year.

d) Going concern

The Firm's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report to the Members on pages 1 and 2. The members' report also describes the financial position of the Firm, its cash flows, liquidity position and borrowing facilities. After making enquiries, the members have a reasonable expectation that the Firm has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

e) Fee income

Fee income represents amounts receivable, both billed and unbilled, for legal services provided during the year excluding Value Added Tax and external disbursements. Fee income from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Notes to the Financial Statements

Year ended 30 April 2016

f) Accrued income

Legal services provided to clients during the year which, at the balance sheet date, have not been billed to clients, have been recognised 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. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the Firm. Unbilled fee income is included as accrued income within debtors.

g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided so as to write off the cost, less estimated residual value, of tangible fixed assets over their estimated useful economic lives, on a straight line basis as follows:

Fixtures, fittings and furniture - 5 to 7 years

Computers and office equipment - 3 to 4 years

h) Investments

Fixed asset investments are stated at cost less provision for impairment.

i) Taxation

The taxation payable on the profits of Nabarro LLP is the personal liability of the members for the year and is not dealt with in these financial statements. However, an amount is retained from each member's profit share to fund the taxation payments made by the Firm on behalf of members.

The taxation payable on the profits of certain subsidiary undertakings are the liabilities of those undertakings and the relevant figures are included in the consolidated profit and loss account and consolidated balance sheet. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more corporation tax at a future date, at rates expected to apply when the timing differences reverse. No discounting is applied to the deferred tax calculations.

j) Foreign currencies

Transactions denominated in currencies other than the functional currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities not denominated in the functional currency at the balance sheet date are translated at the rates ruling at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations, are reported in the statement of comprehensive income. All other exchange differences are included in the profit and loss account.

k) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Notes to the Financial Statements

Year ended 30 April 2016

1. ACCOUNTING POLICIES (continued)**l) Provision for claims**

The Firm carries professional indemnity insurance and the cost of premiums is charged to the profit and loss account over the period of such insurance. Provision is made for any uninsured excess which the Firm considers likely to be payable in respect of claims made.

m) Pension costs

The Firm operates a defined contribution pension scheme for employees of its service company. Employer contributions are charged to the profit and loss account as they fall due.

The Firm also operates a closed defined benefit scheme.

The defined benefit scheme undergoes a formal actuarial funding valuation every three years by a qualified independent actuary. Annual valuations are also prepared by a qualified independent actuary for the purposes of the financial statements. Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current yield on high quality corporate bonds of equivalent term to the scheme liabilities. The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet. The net interest on the net defined benefit liability is included in profit and loss. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

Members of Nabarro LLP make their own pension provisions which are not reflected in these financial statements.

n) Financial instruments

Financial assets and financial liabilities are recognised when the Firm becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Firm after deducting all of its liabilities.

(i) Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Firm intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

Year ended 30 April 2016

1. Accounting policies (continued)**n) Financial instruments (continued)***(i) Financial assets and financial liabilities (continued)*

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Firm transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Firm, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Notes to the Financial Statements

Year ended 30 April 2016

1. Accounting policies (continued)**n) Financial instruments (continued)***(i) Financial assets and financial liabilities (continued)*

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Limited Liability Partnership balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

o) Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements, including those involving estimations, that the members have made in the process of applying the Firm's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – accrued revenue

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, having regard to the Firm's accounting policy for revenue recognition.

Defined benefit pension scheme accounting

Actuarial assumptions are used in calculating the retirement benefit obligation, in particular the discount rate and mortality.

Impairment of debtors

The Firm makes an estimate of the recoverable value of trade debtors. When assessing impairment of trade receivables, the Board considers factors including the current credit rating of the debtor, the ageing profile and historic experience.

Measurement of provisions

The Firm's provisions, as set out in note 13 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on the Board's best estimate of future cash flows.

2. FEE INCOME

All fee income relates to the provision of legal services. No geographic segmental analysis has been shown. The Board considers that such disclosure would be prejudicial to the Firm's business. Fee income in the consolidated profit and loss account includes adjustment for income earned but unbilled at the beginning and end of the year. The amount billed to clients during the year amounted to £130,447,000 (2015: £126,015,000).

Notes to the Financial Statements

Year ended 30 April 2016

3. OPERATING PROFIT

	2016	2015
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	2,041	1,731
Operating lease rentals:		
- Leasehold buildings	6,530	6,468
	2016	2015
	£'000	£'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	62	60
Fees payable to the LLP's auditor and its associates for other services to the Firm		
- Audit of subsidiary undertakings	32	29
Total audit fees	94	89
	2016	2015
	£'000	£'000
- Audit-related assurance services	42	39
- Taxation compliance services	56	75
- Other taxation advisory services	52	12
- Other services	3,075	2,730
Total non-audit fees	3,225	2,856

Notes to the Financial Statements

Year ended 30 April 2016

4. STAFF COSTS

	2016	2015
	No.	No.
The average number of people employed during the year (excluding members) was:		
Fee-earners	393	362
Other staff	320	312
	<u>713</u>	<u>674</u>
	2016	2015
	£'000	£'000
Staff costs incurred during the year in respect of employees were:		
Salaries	40,238	38,756
Social Security costs	3,924	3,992
Other pension costs	2,159	2,514
Other costs	641	591
Total staff costs	<u>46,962</u>	<u>45,853</u>

5. NET INTEREST PAYABLE

	2016	2015
	£'000	£'000
Bank and other interest receivable	269	253
Interest income on the defined benefit pension scheme assets	2,987	3,167
Interest on the defined benefit pension scheme liabilities	(4,005)	(4,217)
Net interest payable	<u>(749)</u>	<u>(797)</u>

Notes to the Financial Statements

Year ended 30 April 2016

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016	2015
	£'000	£'000
UK corporation tax charge for year	529	362
Non UK corporation tax charge	2	4
	531	366
Deferred tax (see Note 13)	16	134
Tax on profit on ordinary activities	547	500

The corporation tax charge arises on the taxable profits of certain subsidiary undertakings. No provision is made for income tax on profits allocated to members as this is the personal liability of the members.

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation	47,215	51,007
Amounts subject to personal taxation	(44,644)	(48,582)
Profits subject to corporate taxation	2,571	2,425
Tax at UK standard rate of 20% (2015: 21%)	514	509
Tax effects of:		
Expenditure disallowed for tax purposes	48	2
Different tax rates in other jurisdictions	(15)	(11)
Tax on profit on ordinary activities	547	500

Finance Act 2014 included legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015. Finance Act 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. These rates had been substantively enacted at the balance sheet date. It has since been announced that the main rate of UK corporation tax will reduce to 17% from 1 April 2020.

Notes to the Financial Statements

Year ended 30 April 2016

7. MEMBERS' SHARE OF PROFITS

Profits are shared among the members in accordance with agreed profit sharing arrangements after the financial statements of the Firm have been approved by the members and after the Board has determined the amount of profits to be divided.

	2016 No.	2015 No.
Average number of members	101	98

The highest remuneration of a member for the year was £944,000 (2015: £966,000).

8. PROFIT ATTRIBUTABLE TO THE LIMITED LIABILITY PARTNERSHIP

The profit for the financial year attributable to the parent undertaking, Nabarro LLP, was £47,203,000 (2015: £49,736,000).

9. TANGIBLE FIXED ASSETS

Consolidated	Fixtures, fittings and furniture £'000	Computers and office equipment £'000	Total £'000
<u>Cost</u>			
At 1 May 2015	7,183	10,541	17,724
Additions	671	649	1,320
Exchange difference	2	-	2
At 30 April 2016	<u>7,856</u>	<u>11,190</u>	<u>19,046</u>
<u>Depreciation</u>			
At 1 May 2015	2,615	8,547	11,162
Charge for the year	939	1,102	2,041
Exchange difference	1	-	1
At 30 April 2016	<u>3,555</u>	<u>9,649</u>	<u>13,204</u>
<u>Net Book Value</u>			
At 30 April 2016	<u>4,301</u>	<u>1,541</u>	<u>5,842</u>
At 30 April 2015	<u>4,568</u>	<u>1,994</u>	<u>6,562</u>

Notes to the Financial Statements

Year ended 30 April 2016

9. TANGIBLE FIXED ASSETS (continued)

Limited Liability Partnership	Fixtures, fittings and furniture £'000	Computers and office equipment £'000	Total £'000
<u>Cost</u>			
At 1 May 2015	2,879	10,536	13,415
Additions	40	641	681
At 30 April 2016	2,919	11,177	14,096
<u>Depreciation</u>			
At 1 May 2015	2,206	8,546	10,752
Charge for the year	254	1,100	1,354
At 30 April 2016	2,460	9,646	12,106
<u>Net Book Value</u>			
At 30 April 2016	459	1,531	1,990
At 30 April 2015	673	1,990	2,663

10. INVESTMENTS

The Firm has an investment in the following entities, all of which are 100% owned directly by Nabarro LLP:

Entity	Country of registration	Activity
Eagle Place Notices Ltd	England and Wales	Dormant
Eagle Place Services Ltd	England and Wales	Service company
Eagle Place Trustees Ltd	England and Wales	Dormant
E F T & S Trustees Ltd	England and Wales	Dormant
EPS Secretaries Ltd	England and Wales	Dormant
Mikjon Ltd	England and Wales	Dormant
Nabarro (Middle East) LLP	England and Wales	Legal services
Nabarro Nathanson Ltd	England and Wales	Dormant
Nabarro Singapore Services Pte Ltd	Singapore	Service company
Nabco 1 Ltd	England and Wales	Dormant
Nabco 2 Ltd	England and Wales	Dormant
Stratton Street Trustees Ltd	England and Wales	Dormant
TKB Registrars Ltd	England and Wales	Dormant
TKB Trustees Ltd	England and Wales	Dormant

Notes to the Financial Statements
Year ended 30 April 2016

10. INVESTMENTS (continued)

Limited Liability Partnership	Subsidiary undertakings £'000
<u>Cost</u>	
At 1 May 2015 and at 30 April 2016	679
<u>Provision for impairment</u>	
At 1 May 2015 and at 30 April 2016	(35)
<u>Net book value</u>	
At 30 April 2016	644
At 30 April 2015	644

11. DEBTORS

	Consolidated		Limited Liability Partnership	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Client debtors	37,651	34,659	37,355	34,497
Accrued income	12,525	13,326	12,496	13,309
Amounts due from group undertakings	-	-	644	1,357
Other debtors and prepayments	4,853	4,236	3,589	2,971
	55,029	52,221	54,084	52,134

Amounts due from group undertakings are interest free and are repayable on demand.

Notes to the Financial Statements

Year ended 30 April 2016

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Limited Liability Partnership	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	4,845	3,195	4,785	3,192
Social Security and other taxes	4,756	3,223	3,405	2,437
Amounts due to group undertakings	-	-	430	1,853
Other creditors and accruals	7,492	7,409	5,262	4,620
	17,093	13,827	13,882	12,102

Amounts due to group undertakings are interest free and are repayable on demand.

13. PROVISION FOR LIABILITIES

Consolidated	Provision for claims	Deferred tax	Total
	£'000	£'000	£'000
At 1 May 2015	1,383	134	1,517
Charge for the year	344	16	360
Provision utilised	(271)	-	(271)
At 30 April 2016	1,456	150	1,606

Limited Liability Partnership	Provision for claims
	£'000
At 1 May 2015	1,383
Charge for the year	344
Provision utilised	(271)
At 30 April 2016	1,456

Provision is made for professional negligence claims to the extent that they are not covered by insurance and to the extent that economic benefits are likely to be transferred in the foreseeable future.

The deferred tax balances as at 30 April 2016 and 30 April 2015 arose from accelerated capital allowances in a subsidiary undertaking.

Notes to the Financial Statements

Year ended 30 April 2016

14. MEMBERS' INTERESTS

Loans and other amounts due (from)/ to members comprises:

	Consolidated		Limited Liability Partnership	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts due from members	(16,256)	(20,236)	(18,693)	(22,674)
Amounts due to members	13,462	16,254	13,462	16,254
	<u>(2,794)</u>	<u>(3,982)</u>	<u>(5,231)</u>	<u>(6,420)</u>

Members are required under the terms of the Members' Agreement to provide capital. The amount is assessed annually. Capital is repaid to members within six months of cessation of membership of the limited liability partnership. In the event of Nabarro LLP being wound up, the members' capital classified as a liability ranks after the unsecured creditors of Nabarro LLP.

After the Firm's financial statements have been approved, the Board has the power to determine how much of the profit will be retained in the business and how much will be divided between the members; there is no automatic division of profit. As a result, the balance of profit available for division among the members as at 30 April 2016 is included in members' other interests. Drawings by members on account of profit for the year have been included within amounts due from members.

15. CAPITAL COMMITMENTS

At the year end the Firm had capital commitments of £nil which were contracted for but not provided in the financial statements (2015: £34,000).

16. OPERATING LEASE COMMITMENTS

The Firm had future minimum commitments under non-cancellable operating leases for payments as follows:

	Consolidated		Limited Liability Partnership	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Land and buildings				
Rent payable:				
- Within one year	6,434	6,336	595	596
- Between one and five years	25,061	25,963	2,098	2,692
- After five years	21,135	26,457	-	-
	<u>52,630</u>	<u>58,756</u>	<u>2,693</u>	<u>3,288</u>

Notes to the Financial Statements

Year ended 30 April 2016

17. CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of operating profit to net cash flows from operating activities

	2016 £'000	2015 £'000
Operating profit	47,964	51,804
Depreciation charge	2,041	1,731
Profit on disposal of tangible fixed assets	-	(56)
	<hr/>	<hr/>
Operating cash flow before movement in working capital	50,005	53,479
(Increase)/ decrease in debtors	(2,808)	(7,423)
Increase/ (decrease) in creditors and provisions	3,060	781
Contributions to defined benefit pension scheme in excess of profit and loss charge	(4,400)	(2,100)
	<hr/>	<hr/>
Cash generated by operations before transactions with members and taxation	45,857	44,737
Drawings and distributions	(24,804)	(21,404)
Income tax paid on behalf of members	(17,756)	(17,474)
Corporation tax paid	(299)	(649)
	<hr/>	<hr/>
Net cash inflows from operating activities	2,998	5,210

18. ANALYSIS OF CASH FLOWS

	2016 £'000	2015 £'000
a) Cash flows from investing activities		
Interest received	269	253
Purchase of tangible fixed assets	(1,320)	(5,321)
Sales of tangible fixed assets	-	56
	<hr/>	<hr/>
Net cash outflows from investing activities	(1,051)	(5,012)

Notes to the Financial Statements

Year ended 30 April 2016

18. ANALYSIS OF CASH FLOWS (continued)

	2016	2015
	£'000	£'000
b) Cash flows from financing activities		
Capital contributions by members	2,034	931
Capital repayment to members	(1,081)	(1,766)
Payments to or on behalf of members in respect of interest	(1,122)	(984)
Net cash outflows from financing activities	<u>(169)</u>	<u>(1,819)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS AND ANALYSIS OF CHANGES IN NET FUNDS

	2016	2015
	£'000	£'000
Net funds at beginning of year	20,900	22,521
Increase/ (decrease) in cash in the year	1,778	(1,621)
Net funds at end of year	<u>22,678</u>	<u>20,900</u>

Net funds comprises cash at bank and in hand. There were no loans or overdrafts at either balance sheet date.

20. TRANSACTIONS WITH RELATED PARTIES

Nabarro LLP has relied upon the exemption given in the Financial Reporting Standard 102 Section 33 not to disclose transactions between itself and its wholly-owned subsidiary undertakings.

The total remuneration for key management personnel during the year was £8,037,000 (2015: £7,625,000).

Notes to the Financial Statements

Year ended 30 April 2016

21. RETIREMENT BENEFIT LIABILITIES

Pension costs charged to the profit and loss account comprise:

	2016	2015
	£'000	£'000
Defined contribution scheme	1,234	1,410
Defined benefit scheme		
- current service cost	-	4
- other scheme running costs	824	779
Death in service benefit costs	101	321
Total included within staff costs	<u>2,159</u>	<u>2,514</u>

Defined Contribution Scheme

The defined contribution scheme is open to eligible employees of the Firm's service company, Eagle Place Services Limited. Contributions to the scheme are held on behalf of employees under individual accounts with an insurance company and do not form part of the assets of the Firm.

Defined Benefit Scheme

The defined benefit scheme pays out pensions to members (and their dependants) at retirement. The scheme is now closed to new entrants and to future accrual of benefits. The assets of the scheme are held in separate trustee-administered funds.

Financial returns are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are included in the statement of other comprehensive income.

The ongoing funding position of the scheme is formally assessed on a triennial basis by an independent qualified actuary. The results of the valuation are used by the Firm and the trustee of the scheme to agree a contribution schedule as required. Further details are set out in the valuation documentation.

The last completed triennial actuarial valuation of the scheme was performed as at 30 April 2014. Following the valuation, the Firm agreed a recovery plan to eliminate the funding deficit at that date over a period of 19 years. In addition, the Firm pays the expenses of the scheme.

As part of the recovery plan, the Firm agreed to pay £1,250,000 per annum from 2015/16 to 2018/19 until the result of the next formal valuation is known, when the recovery plan will be reviewed again. However, the Firm paid £4,400,000 into the scheme during the year to 30 April 2016 in order to reduce the deficit more quickly.

The estimated amount of contributions to be paid into the scheme during the financial year to 30 April 2017 is £5,250,000, again exceeding the amount required under the recovery plan. The Firm has already made this contribution since 30 April 2016.

Notes to the Financial Statements

Year ended 30 April 2016

21. RETIREMENT BENEFIT LIABILITIES (continued)

a) An actuarial valuation has been performed at 30 April 2016, by an independent qualified actuary, using assumptions that are consistent with the requirements of FRS 102 Section 28 "Retirement Benefits". This valuation was an approximate roll-forward from the full actuarial valuation at 30 April 2014, allowing for benefits paid to members over the period. The major assumptions made by the actuary for this purpose were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.70%	3.70%	4.50%
Rate of increase in salaries	Not applicable	Not applicable	5.90%
Rate of increases in pensions	2.18%	3.40%	3.40%
Mortality in payment	S2 series tables Medium cohort +1.25%	S2 series tables Medium cohort +1.25%	S1 series tables Medium cohort +1%
Inflation assumption (RPI)	3.15%	3.40%	3.40%
Inflation assumption (CPI)	2.15%	2.40%	2.60%

The rate quoted for future increases in pensions reflects the switch in 2016 from RPI to CPI as a basis for calculating such increases.

b) The assets in the scheme and the present value of the defined benefit obligations were:

	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at	Long-term rate of return expected at	Value at
	30/4/16	30/4/16 £'000	30/4/15	30/4/15 £'000	30/4/14	30/4/14 £'000
Equities	7.50%	44,729	7.50%	43,284	7.50%	31,573
Alternatives / Diversified growth	7.50%	9,534	7.50%	7,605	7.50%	24,877
Bonds	4.00%	25,026	4.00%	27,505	5.00%	14,150
Cash	4.00%	159	4.00%	476	4.00%	1,008
		<hr/>		<hr/>		<hr/>
Total market value of scheme assets		79,448		78,870		71,608
Present value of defined benefit obligations		(91,675)		(110,754)		(95,956)
Deficit in the scheme		<u>(12,227)</u>		<u>(31,884)</u>		<u>(24,348)</u>

Notes to the Financial Statements

Year ended 30 April 2016

21. RETIREMENT BENEFIT LIABILITIES (continued)

The actual return on the scheme assets during the year was £1,224,000 (2015: £9,713,000).

c) Analysis of the amount (charged)/ credited to net interest payable (see Note 5):

	2016	2015
	£'000	£'000
Interest income on the scheme assets	2,987	3,167
Interest expense on the defined benefit obligations	(4,005)	(4,217)
Net interest payable	<u>(1,018)</u>	<u>(1,050)</u>

d) Analysis of amount recognised in the statement of other comprehensive income:

	2016	2015
	£'000	£'000
Actual return less interest income on scheme assets	(1,763)	6,546
Experience gains and losses on scheme liabilities	-	912
Changes in assumptions underlying the present value of the defined benefit obligations	18,038	(16,044)
Total actuarial gain/ (loss)	<u>16,275</u>	<u>(8,586)</u>

e) Movement in the pension scheme assets, liabilities and deficit:

	Assets	Liabilities	Deficit
	£'000	£'000	£'000
At 1 May 2015	78,870	(110,754)	(31,884)
Current service cost	-	-	-
Interest expense on defined benefit obligations	-	(4,005)	(4,005)
Interest income on scheme assets	2,987	-	2,987
Actuarial gain/ (loss)	(1,763)	18,038	16,275
Contributions	4,400	-	4,400
Benefits paid	(5,046)	5,046	-
At 30 April 2016	<u>79,448</u>	<u>(91,675)</u>	<u>(12,227)</u>

Notes to the Financial Statements

Year ended 30 April 2016

21. RETIREMENT BENEFIT LIABILITIES (continued)

	Assets £'000	Liabilities £'000	Deficit £'000
At 1 May 2014	71,608	(95,956)	(24,348)
Current service cost	-	(4)	(4)
Interest expense on defined benefit obligations	-	(4,217)	(4,217)
Interest income on scheme assets	3,167	-	3,167
Actuarial gain/ (loss)	6,546	(15,132)	(8,586)
Contributions	2,104	-	2,104
Benefits paid	(4,555)	4,555	-
At 30 April 2015	<u>78,870</u>	<u>(110,754)</u>	<u>(31,884)</u>

22. FINANCIAL INSTRUMENTS

The carrying values of the Firm's financial assets and liabilities are summarised by category below:

	2016 £'000	2015 £'000
Financial assets measured at amortised cost		
Client debtors	37,651	34,659
Accrued income	12,525	13,326
Amounts due from members	19,094	20,236
Other debtors and prepayments	4,853	4,236
Cash at bank and in hand	22,678	20,900
	<u>96,801</u>	<u>93,357</u>

	2016 £'000	2015 £'000
Financial liabilities measured at amortised cost		
Trade creditors	4,845	3,195
Loans and other amounts due to members	33,822	32,843
Social Security and other taxes	4,756	3,223
Other creditors and accruals	7,492	7,409
	<u>50,915</u>	<u>46,670</u>

Notes to the Financial Statements

Year ended 30 April 2016

23. POST BALANCE SHEET EVENT

On 6 October 2016 the members of, Nabarro LLP voted to merge with CMS Cameron McKenna LLP and Olswang LLP with effect from 1 May 2017.

24. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Firm has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 30 April 2015 and the date of transition to FRS 102 was therefore 1 May 2014.

As a consequence of adopting FRS 102, no balance sheet figures were required to be restated. However, the comparative consolidated profit and loss account and consolidated statement of comprehensive income have been restated to reflect changes in accounting for returns on pension scheme assets in order to comply with Section 28 of that standard as follows:

	2015 £'000
Original profit on ordinary activities before taxation	52,626
Impact of change to recognition of income on pension scheme assets	(1,619)
Restated profit on ordinary activities before taxation	51,007
Tax on profit on ordinary activities (unchanged)	(500)
Restated profit for the financial year	50,507

The actuarial loss in the original statement of comprehensive income has been reduced by £1,619,000 so that the total comprehensive income for the year to 30 April 2015 is unchanged at £41,851,000.