

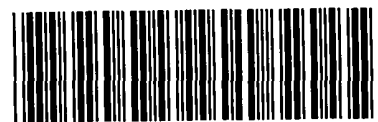
Bird & Bird LLP

Report and Financial Statements

30 April 2016

Registered Number: OC340318

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Bird & Bird LLP
Report and Financial Statements 2016

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Bird & Bird LLP

Report to the Members

The board is pleased to present its report and the audited financial statements for the year ended 30 April 2016.

GROUP STRUCTURE

Bird & Bird LLP (the "LLP") comprises branches in the United Kingdom, Belgium, Germany and The Netherlands; and acts as parent undertaking of its affiliated or associated practices operating in Australia, China (including Hong Kong), the Czech Republic, Denmark, Finland, France, Hungary, Italy, Luxembourg, Poland, Singapore, Slovakia, Spain, Sweden and United Arab Emirates, the results of all of which are consolidated in these financial statements. The LLP and all its subsidiary undertakings are referred to together as the "group" in these financial statements.

PRINCIPAL ACTIVITY

The principal activity of the group is the provision of legal services. The LLP's associated firm of Bird & Bird ATMD LLP provides legal services in Singapore.

BUSINESS REVIEW

The result for the year and financial position are set out on pages 6 and 7. The members consider the results and financial position to be satisfactory and anticipate continued profitable trading for the foreseeable future.

The financial statements are presented in Euro as the majority of the group's turnover and profit is derived in that currency.

GOING CONCERN BASIS

The financial position of the group, its cash flows, liquidity position and borrowing arrangements are shown in the financial statements and supporting notes. The group meets its day to day working capital requirements through a combination of members' capital, bank overdraft and loan facilities. The banking facility arrangements are referred to in Note 14.

The group renegotiated its banking facility arrangements in November 2014. The facility has been restructured as a combination of unsecured revolving credit facility and overdraft. The revolving credit facility was committed until November 2017, but it has now been extended to November 2019.

The LLP's forecasts and projections, taking account of changes in the economic climate, show that the LLP is expected to be able to operate within the level of its current facilities for the foreseeable future.

The main financial risks to the group continue to arise from the current economic climate and demand for its services in the countries in which it operates, in particular, competitive and client pressure to reduce fees; and the management of foreign currencies. The wide geographical spread of the group and the variety of legal work conducted continues to reduce the risks associated with general market conditions. The board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, given the LLP's flexibility to vary timing of profit distributions to members and accordingly adopt the going concern basis of accounting in preparing the annual financial statements.

MEMBERS' DRAWINGS AND THE SUBSCRIPTION / REPAYMENT OF MEMBERS' CAPITAL

The LLP's policy on drawings and distributions is dependent upon the working capital requirements of the business. A conservative level of monthly drawings is set at the start of each financial year and distributions are scheduled to be made on a quarterly basis, subject to conservative internal borrowing rules, and are finalised once the results for the year and allocation of profit have been determined.

Members are required to provide capital generally in proportion to the profit sharing points allocated to each of them. The amount per point is assessed annually, with any changes usually being effective on 1 May. The majority of members provide this capital obligation as a deduction from their profit allocation. Under provisions set out in the members' agreement, capital will normally be repaid to members following their retirement from the LLP and so is presented as amounts due to members classified as debt.

Bird & Bird LLP

Report to the Members

THE BOARD

The following are the designated members and, except as stated, members of the board who served during the year or subsequently.

	Appointed	Resigned	Note
Alberto Salvade			
Anne Federle	11 April 2016		
Armand Killan	11 April 2016		
Christian Bartsch			
Christian Harmsen			
Frédérique Dupuis-Toubol		11 April 2016	
David Kerr			Chief Executive Officer
Graeme Maguire			
Jori Taipale	11 April 2016		
Joseph Fesenmair			
Justin Walkey			
Katarina Ahlberg			
Marjolein Geus			
Massimiliano Mostardini			Chairman (from 9 March 2016)
Matthew Laight		11 April 2016	
Michael Frie		9 March 2016	Chairman (until 9 March 2016)
Morag Macdonald			
Nicholas Perry			
Sven-Erik Heun			

Christopher Barrett	Not board members: General Counsel from 14 March 2016
Roger Butterworth	Risk & Compliance Partner (General Counsel to 14 March 2016)

Six board members, including the Chairman and the Chief Executive Officer ("CEO"), are elected by the members, the remainder being appointed by the CEO. The Chief Financial Officer ("CFO"), the General Counsel, the Human Resources Director and the Marketing and Business Development Director attend board meetings.

The board provides leadership of the group within a framework of prudent and effective controls which enables business aims, financial performance and risks to be assessed and managed. The board sets the group's strategic aims, ensuring that the necessary financial, human and other resources are in place for the group to meet its objectives. Day to day management is exercised by David Kerr, the CEO, in conjunction with a management committee and the heads of country, sector and practice groups.

The board keeps under review the management and financial performance of the group. The board, in consultation with the members, sets the group's standards and policies and ensures that these are reviewed, and if appropriate updated from time to time, and that they are understood and followed by members.

AUDIT COMMITTEE

The audit committee comprises the Chairman and three other board members appointed by the board. The CEO, the CFO, the General Counsel and Risk & Compliance Partner attend the meetings of the audit committee. The audit committee considers the scope of the external audit, reviews the accounting policies, reviews the findings of the auditors and verifies the integrity of accounts information and that financial controls and systems of management account reporting and financial risk management are robust and defensible. The audit committee also reviews the policies of the group concerning insurance, risk management and compliance with laws and rules of conduct related to the legal practice and verifies the integrity of the group's controls and systems of risk management and compliance.

Bird & Bird LLP

Report to the Members

REGULATION

The group's offices (and/or the lawyers practising in them) are generally subject to bar regulation in the respective countries in which each of them practices. The LLP is authorised and regulated by the Solicitors Regulation Authority ("SRA") of England and Wales. The LLP is subject to the SRA's outcomes-focused regulation ("OFR") focusing on the high level principles and outcomes that drive the provision of services for clients in its Code of Conduct, applicable in England and Wales, as part of a "Handbook" covering all aspects of law firm ethics and regulation. The SRA's Overseas Rules apply substantially the same high level principles to the group's offices outside England and Wales, in addition to the application of local bar regulations.

OFR involves the SRA assessing whether a firm is acting in an ethical and principled manner, and securing the outcomes or results to which the firm's clients are entitled. The SRA promises to apply OFR in a proportionate, transparent and consistent way. Under OFR firms have to demonstrate effective systems and controls to identify manage and mitigate risks to their ability to meet the SRA's requirements. The SRA is considering changes to its Code of Conduct with a view to liberalising certain aspects of practice for solicitors generally in England and Wales, though it is not believed that the changes would significantly alter the way that the LLP practices.

The Risk and Compliance Partner is *compliance officer for legal practice (COLP)*, overseeing risk and compliance generally, and a senior member of the finance department is the *compliance officer finance and administration (COFA)*, overseeing client money compliance. Responsibility to the SRA for compliance with regulatory and statutory requirements rests generally with the LLP and its members; the COLP and COFA do not assume any duties directly to clients, or other third parties, in respect of their roles.

EMPLOYEES

The group is committed to equal opportunities and its people are selected and managed purely on merit.

The group recognises that its people are the foundation of its success and endeavours to provide an environment that attracts and retains a broad range of talented individuals.

CORPORATE SOCIAL RESPONSIBILITY AND THE ENVIRONMENT

The group recognises the importance of managing the business process to produce an overall positive impact on society. It has developed and implemented a range of policies and practices which fall under the general heading of Corporate Social Responsibility ("CSR"). The CSR initiatives include programmes aimed at promoting diversity, minimising the impact on the environment and assisting communities in which it operates.

The group strives to create a sense of professional duty and responsibility within the team and encourages and supports staff in their participation in community activities.

FURTHER INFORMATION

For more details of the group, its offices, its members and regulatory information, visit our web site at *twobirds.com*. In addition, a list of members' names is available for inspection at the LLP's office at 12 New Fetter Lane, London, EC4A 1JP, which is the LLP's registered office and principal place of business in the United Kingdom.

Bird & Bird LLP

Report to the Members

STATEMENT OF MEMBERS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group 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 LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITOR

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor.

Signed on behalf of the board



David Kerr
Chief Executive Officer
and Designated Member

12 December 2016



Massimiliano Mostardini
Chairman and Designated Member

12 December 2016



Richard Olver
Chief Financial Officer

12 December 2016

Bird & Bird LLP

Registered number: OC340318

Registered office: 12 New Fetter Lane, London, EC4A 1JP

Bird & Bird LLP

Independent Auditor's Report to the Members of Bird & Bird LLP

We have audited the financial statements of Bird & Bird LLP for the year ended 30 April 2016 which comprise the consolidation profit and loss account, consolidation and parent LLP statements of financial position, the consolidated and parent LLP statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the 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 Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 partnership and 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 on page 4, 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

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

OPINION ON FINANCIAL STATEMENTS

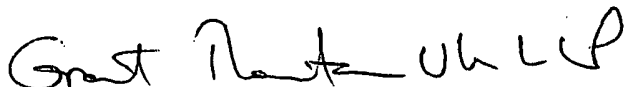
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the 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's 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.



Peter Gamson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
12 December 2016

Bird & Bird LLP

Statement of Comprehensive Income For the year ended 30 April 2016

		2016	2015
	Notes	€'000	€'000
TURNOVER	5	344,520	327,108
Staff costs	8	(159,065)	(147,757)
Depreciation		(7,498)	(7,046)
Other operating expenses		(80,685)	(76,441)
OPERATING PROFIT ON ORDINARY ACTIVITIES	6	97,272	95,864
Net interest payable	7	(1,050)	(1,124)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		96,222	94,740
Taxation on profit on ordinary activities	9	(1,440)	(1,705)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION		94,782	93,035
Members' remuneration charged as an expense		(93,735)	(93,035)
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		1,047	-

	2016	2015
	€'000	€'000
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	1,047	-
Exchange difference on translation of foreign operations	(548)	571
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	499	571

All results relate to continuing activities.

Bird & Bird LLP

Consolidated Statement of Financial Position As at 30 April 2016

	Notes	2016 €'000	2015 €'000
FIXED ASSETS			
Tangible assets	10	31,609	18,229
		31,609	18,229
CURRENT ASSETS			
Debtors	12	147,411	147,791
Cash at bank and in hand		10,864	12,651
		158,275	160,442
CREDITORS: amounts falling due within one year	13	(61,347)	(57,314)
NET CURRENT ASSETS		96,928	103,128
TOTAL ASSETS LESS CURRENT LIABILITIES		128,537	121,357
CREDITORS: amounts falling due after more than one year	14	(53,287)	(45,619)
Provisions for liabilities and charges	15	(2,117)	(3,991)
NET ASSETS ATTRIBUTABLE TO MEMBERS		73,133	71,747
REPRESENTED BY:			
Loans and other debts due to members			
Members' capital classified as a liability		32,230	33,409
Other amounts		49,612	44,571
Equity			
Members' other interests		(8,709)	(6,233)
		73,133	71,747
TOTAL MEMBERS' INTERESTS			
Members' capital classified as a liability		32,230	33,409
Other amounts due to members		49,612	44,571
Members' other interests		(8,709)	(6,233)
		73,133	71,747

The financial statements of Bird & Bird LLP, registered number OC340318, were approved by the board on behalf of the members on 12 December 2016.

Signed on behalf of the members



David Kerr
Chief Executive Officer
and Designated Member

12 December 2016



Massimiliano Mostardini
Chairman and Designated Member

12 December 2016



Richard Olver
Chief Financial Officer

12 December 2016

Bird & Bird LLP

LLP Statement of Financial Position As at 30 April 2016

	Notes	2016 €'000	2015 €'000
FIXED ASSETS			
Tangible assets	10	25,989	14,047
Investments	11	25	27
		26,014	14,074
CURRENT ASSETS			
Debtors	12	126,047	122,432
Cash at bank and in hand		2,445	3,326
		128,492	125,758
CREDITORS: amounts falling due within one year	13	(44,723)	(36,414)
NET CURRENT ASSETS		83,769	89,344
TOTAL ASSETS LESS CURRENT LIABILITIES		109,783	103,418
CREDITORS: amounts falling due after more than one year	14	(53,287)	(45,619)
Provisions for liabilities and charges	15	(2,117)	(3,991)
NET ASSETS ATTRIBUTABLE TO MEMBERS		54,379	53,808
REPRESENTED BY:			
Loans and other debts due to members			
Members' capital classified as a liability		25,075	25,930
Other amounts		32,809	26,530
Equity			
Members' other interests		(3,505)	1,348
		54,379	53,808
TOTAL MEMBERS' INTERESTS			
Members' capital classified as a liability		25,075	25,930
Other amounts due to members		32,809	26,530
Members' other interests		(3,505)	1,348
		54,379	53,808

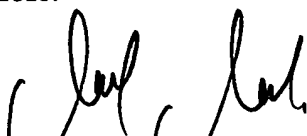
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Signed on behalf of the members



David Kerr
Chief Executive Officer
and Designated Member

12 December 2016



Massimiliano Mostardini
Chairman and Designated Member

12 December 2016



Richard Olver
Chief Financial Officer

12 December 2016

Bird & Bird LLP

Consolidated Statement of Changes in Equity

For the year ended 30 April 2016

	Consolidated			
	Members' capital classified as debt €'000	Other amounts due to / (from) members €'000	Members' other interests classified as equity €'000	Total members' interests €'000
Total members' interests at 1 May 2014	30,181	40,936	(5,075)	66,042
Members' remuneration charged as an expense	-	93,035	-	93,035
Other allocations of profit	-	1,282	(1,282)	-
Exchange differences on translation of foreign operations	-	571	-	571
Total members' interests after Comprehensive income for the year	30,181	135,824	(6,357)	159,648
Members' capital transferred from current account	3,046	(3,046)	-	-
Members' capital repaid	(292)	-	-	(292)
Payments to and on behalf of members	-	(90,958)	-	(90,958)
Exchange differences on transactions with members	1,763	2,867	(516)	4,114
Transfer of amounts due to former members	(1,289)	-	-	(1,289)
Other movements	-	(116)	640	524
Total members' interests at 30 April 2015	33,409	44,571	(6,233)	71,747
Members' remuneration charged as an expense	-	93,735	-	93,735
Profit for the financial year available for discretionary division among members	-	-	1,047	1,047
Other allocations of profit	-	3,024	(3,024)	-
Exchange differences on translation of foreign operations	-	(548)	-	(548)
Total members' interests after Comprehensive income for the year	33,409	140,782	(8,210)	165,981
Members' capital transferred from current account	1,896	(1,896)	-	-
Members' capital repaid	(1,683)	-	-	(1,683)
Payments to and on behalf of members	-	(89,576)	6	(89,570)
Exchange differences on transactions with members	(1,015)	441	(139)	(713)
Transfer of amounts due to former members	(377)	(45)	-	(422)
Other movements	-	(94)	(366)	(460)
Total members' interests at 30 April 2016	32,230	49,612	(8,709)	73,133

Bird & Bird LLP

LLP Statement of Changes in Equity For the year ended 30 April 2016

	LLP			
	Members' capital classified as debt €'000	Other amounts due to / (from) members €'000	Members' other interests classified as equity €'000	Total members' interests €'000
Members' interests at 1 May 2014	23,110	27,207	1,528	51,845
Members' remuneration charged as an expense	-	61,803	-	61,803
Other allocation of profit	-	(636)	636	-
Exchange differences on translation of foreign operations	-	63	-	63
Total members' interests after Comprehensive income for the year	23,110	88,437	2,164	113,711
Members' capital transferred from current account	2,399	(2,399)	-	-
Members' capital repaid	(5)	-	-	(5)
Payments to and on behalf of members	-	(64,278)	-	(64,278)
Exchange differences on transactions with members	1,493	5,076	(131)	6,438
Transfer of amounts due to former members	(1,067)	-	-	(1,067)
Other movements	-	(306)	(685)	(991)
Members' interests at 30 April 2015	25,930	26,530	1,348	53,808
Members' remuneration charged as an expense	-	63,317	-	63,317
Other allocation of profit	-	5,363	(5,363)	-
Exchange differences on translation of foreign operations	-	(491)	-	(491)
Total members' interests after Comprehensive Income for the year	25,930	94,719	(4,015)	116,634
Members' capital transferred from current account	1,387	(1,387)	-	-
Members' capital repaid	(923)	-	-	(923)
Payments to and on behalf of members	-	(60,340)	-	(60,340)
Exchange differences on transactions with members	(972)	378	(167)	(761)
Transfer of amounts due to former members	(347)	-	-	(347)
Other movements	-	(561)	677	116
Total members' interests at 30 April 2016	25,075	32,809	(3,505)	54,379

Bird & Bird LLP

Consolidated Statement of Cash Flows For the year ended 30 April 2016

	Notes	2016 €'000	2015 €'000
Operating activities			
Profit for the financial year before members remuneration		94,782	93,035
Adjustments for:			
Depreciation of tangible assets		7,498	7,046
Interest paid		1,061	1,161
Interest received		(11)	(37)
Taxation		1,440	1,705
Increase in debtors		(3,468)	(9,215)
Increase in creditors		15,525	3,209
(Decrease) / increase in provisions		(1,874)	1,056
Taxation paid		(1,544)	(1,707)
Net cash flow from operating activities before transactions with members		113,409	96,253
Payments to and on behalf of members and former members		(90,452)	(91,722)
Net cash flow from operating activities		22,957	4,531
Investing activities			
Payments to acquire tangible fixed assets		(17,483)	(5,878)
Disposals of tangible fixed assets		122	-
Interest received		11	37
Net cash flow from investing activities		(17,350)	(5,841)
Financing activities			
Loan repayments		(2,571)	(16,894)
Interest paid		(1,061)	(1,161)
Capital repaid to members		(1,683)	(292)
New bank loans received		2,622	2,813
(Decrease) / increase in medium-term borrowing		(7,355)	45,619
Net cash flow from financing activities		(10,048)	30,085
Net (decrease) / increase in cash		(4,441)	28,775
Foreign exchange translation adjustment		790	(3,937)
Cash at the beginning of year		657	(24,181)
Cash at the end of year	17	(2,994)	657

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

1. ENTITY INFORMATION

Bird & Bird LLP is a limited liability partnership incorporated in England and Wales. Its registered office is 12 New Fetter Lane, London, EC4A 1JP.

2. BASIS OF PREPARATION

The LLP's consolidated financial statements have been prepared in compliance with:

- Financial Reporting Standard 102 ('FRS102'), the financial reporting standard applicable in the United Kingdom and Republic of Ireland;
- the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (issued July 2014);
- the Companies Act 2006, as modified to apply to limited liability partnerships by the Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008.

The LLP transitioned from previously extant UK GAAP to FRS102 as at 1 May 2014, and this is therefore the first year in which the financial statements have been prepared under FRS102. There have been changes in accounting policy required on adoption of FRS102 but these have not resulted in any restatement to:

- members' interests at the date of transition to FRS102 (1 May 2014) or the last set of financial statements prepared under UK GAAP for the year ended 30 April 2015 or
- the profit for the year ended 30 April 2015 as prepared under UK GAAP.

The financial statements are prepared in Euro, which is the functional currency of the consolidated LLP and are rounded to the nearest €'000.

Going concern

As set out in the Report to the members, the board has reviewed the working capital requirements of the group and concluded that the group is expected to operate within its current facilities for the foreseeable future. The members therefore consider it appropriate to prepare these accounts on a going concern basis.

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the LLP and all its subsidiary undertakings, which are listed in Note 11 to the financial statements.

No individual statement of comprehensive income is presented for the LLP, as permitted by section 408 of the Companies Act 2006.

The individual accounts of the LLP have also taken advantage of the disclosure exemption in section 1.8 of FRS102, and do not therefore include an individual Statement of Cash Flows.

The LLP'S profit for the financial year before members' remuneration charged as an expense was €63,317,000 (2015: €61,803,000).

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Revenue recognition:

Management review revenue streams and make judgements that the nature and estimated value of the service provided is in accordance with the client agreement. Where work is in process at the end of the year and the right to consideration is being accrued as the work is performed, management will assess their expectation of the amount they have earned as at the year end and if it is not invoiced, accrue that revenue.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Value of trade debtor balances:

In relation to the decision on whether to provide for outstanding debtors, the members make decisions on a case by case basis in assessing individual debtor recoverability.

Fixed Assets:

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

Definition of key management:

The members consider, in relation to the requirement to disclose the remuneration of key management personnel, that key management comprise the group management committee.

4. PRINCIPAL ACCOUNTING POLICIES

Business combinations

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

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

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write down the cost less estimated residual value, on each asset on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Life of lease (minimum 5% pa)
Office equipment and computers	20%-33% per annum
Furniture, fixtures and fittings	10%-20% per annum

Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Debtors

Short term debtors are measured at transaction price, less any impairment.

Investments

The consolidated financial statements incorporate the financial statements of the LLP and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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 recognised as a reduction to the expense and similarly spread on a straight-line basis over the lease term; except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Derivatives

The principal objective of the group's treasury policy is the management and control of risks to earnings and net assets that arise because of the international nature of the group's business.

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading depending on the nature of the derivative.

Provisions for liabilities and charges

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Any such provisions are itemised in note 15 to these financial statements.

Retirement benefit schemes

In most locations the group operates defined contribution retirement schemes for all qualifying employees in those locations. The assets of the schemes are held separately from those of the group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of any such scheme. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments on the statement of financial position.

The total cost charged to income of €5,672,000 (2015: €5,247,000) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. As at 30 April 2016 contributions of €nil (2015: €nil) due in respect of current reporting period had not been paid over to the schemes.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Members' drawings and the subscription / repayment of members' capital

The LLP Statement of Recommended Practice ('SORP') recognises that the basis of calculating profits for allocation ("adjusted accounts") may differ from the profits reflected in the accounts prepared in compliance with recommended practice, given the established need to ensure equity between different generations of member. Board approval of the division of profit occurs after the the balance sheet date, based on the requirement within the members' agreement for the LLP to allocate 100% of the profits shown in the firm's adjusted accounts, which differ from these financial statements in relation to some areas where equity between partner generations is being maintained.

As the LLP has an obligation to allocate 100% of the profits recorded in the adjusted accounts, the amount is presented as members' remuneration charged as an expense and forms part of the loans and other debts due to members in the statement of financial position. Where the amount allocated to members exceeds the profits realised in the statement of comprehensive income, the difference is shown as an 'Other allocation of profit' in the statement of changes in equity and creates an equity reserve until such time as the cumulative profit allocated is realised through the statement of comprehensive income. Members are required to provide capital generally in proportion to the profit sharing points allocated to each of them. The amount per point is assessed annually, with any changes usually being effective on 1 May. The majority of members provide this capital obligation as a deduction from their profit allocation. Under provisions set out in the members' agreement, capital will normally be repaid to members following their retirement from the LLP and so is presented as amounts due to members classified as debt.

Taxation

Income tax payable on group profits is the personal liability of individual members in most jurisdictions including the UK. No reserve for taxation is made in the financial statements in respect of members' personal tax liabilities, and the profits of those jurisdictions are shown within members' interests as 'Loans and other debts due to members'. Tax as presented within these financial statements represents tax arising from other group undertakings.

Current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is tax expected to be payable or recoverable at a future date. Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

The group and LLP's turnover derives from the provision of legal services and is stated net of any value added tax and disbursements. Income is recognised when the Group has performed services in accordance with the agreement with the relevant client, and has obtained a right to consideration for those services. Where such income has not been billed at the balance sheet date, it is included as 'Amounts recoverable on contracts' within debtors.

Services provided during the year to clients, which at the balance sheet date have not yet been billed, are recognised as turnover. Such turnover is recognised on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement.

On those client engagements where the right to receive consideration is contingent on factors outside the control of the LLP, no revenue is recognised until such time as the contingent event has occurred.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

4. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

For the purpose of the consolidated financial statements, the results and financial position are reported in Euro (€).

Transactions denominated in currencies other than the functional currency of the individual entities 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. Gains and losses on translation are dealt with in the profit and loss account.

The results of operations where the functional currency is not Euro are translated at the rates of exchange ruling at the date of the transactions during the period, and their balance sheets at the rates ruling at the balance sheet date. Differences arising on translation of the opening net assets and results of such operations are reported in the consolidated statement of comprehensive income.

Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred. Amounts not paid are shown in accruals as a liability in the statement of financial position.

5. TURNOVER

No segmental analysis has been shown. The members consider that a disclosure of segmental analysis would be seriously prejudicial to the business.

6. GROUP OPERATING PROFIT

	Consolidated	
	2016	2015
	€'000	€'000
Group operating profit is stated after charging:		
Operating lease rentals:		
Land and buildings	27,308	22,175
Furniture and equipment	853	831
Net foreign exchange (gain)/ loss	(177)	2,284
Fees payable to the auditor:		
Audit fees:		
Fees payable to Grant Thornton member firms for the audit of the LLP's financial statements, and its subsidiaries	250	226
Other fees payable to Grant Thornton for services pursuant to legislation	96	127

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

7. NET INTEREST PAYABLE

	Consolidated	
	2016	2015
	€'000	€'000
Bank interest receivable	11	37
Bank interest payable	(1,061)	(1,161)
	(1,050)	(1,124)

8. MEMBERS AND EMPLOYEES

Staff costs during the year were as follows:

	Consolidated	
	2016	2015
	€'000	€'000
Salaries (including staff bonus)	129,250	119,694
Social security costs	16,024	16,077
Pension costs	5,672	5,247
Other staff costs	8,119	6,739
	159,065	147,757

Average number of persons employed (excluding members):

	Consolidated		LLP	
	2016	2015	2016	2015
	Number	Number	Number	Number
Fee earning staff	1,006	935	440	448
Support staff	832	824	534	535
	1,838	1,759	974	983

Information in relation to members:

The profit available for the members is divided among them in accordance with agreed profit sharing arrangements after the financial statements have been finalised.

	2016	2015
	Number	Number
Average number of members during the period	244	244

The highest remuneration of a member for the year was €962,000 (2015: €1,023,000).

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

9. TAXATION

	Consolidated	
	2016	2015
	€'000	€'000
UK corporation tax charge	714	800
Foreign tax charges	726	905
Total current taxation on profit on ordinary activities	1,440	1,705

	Consolidated	
	2016	2015
	€'000	€'000
Profit on ordinary activities before taxation	96,222	94,740
less: Amounts subject to personal tax	(89,849)	(86,800)
Profits of the LLP, corporate and quasi-corporate subsidiary undertakings subject to taxation	6,373	7,940
Tax at the UK corporate tax rate of 20% (2015: 20.9%)	1,275	1,660
<i>Factors affecting the charge for the year</i>		
Non-UK tax losses as yet unrelieved	117	179
Different tax rates and bases on non-UK earnings	47	(136)
Prior-year adjustments	1	2
Total current taxation on profit on ordinary activities	1,440	1,705

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

In certain other jurisdictions, tax is assessed on the LLP or on its corporate or quasi-corporate subsidiary undertakings.

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 or its corporate and quasi-corporate subsidiary undertakings is shown.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

10. TANGIBLE FIXED ASSETS

The Group	Leasehold improvements, furniture, fixtures and fittings €'000	Office equipment and computers €'000	Total €'000
Cost			
At 1 May 2015	37,094	28,104	65,198
Exchange movements	(963)	(1,158)	(2,121)
Additions	17,029	4,034	21,063
Disposals	(1,042)	(322)	(1,364)
At 30 April 2016	52,118	30,658	82,776
Accumulated depreciation			
At 1 May 2015	23,438	23,531	46,969
Exchange movements	(612)	(1,446)	(2,058)
Charge for the year	3,960	3,538	7,498
Disposals	(934)	(308)	(1,242)
At 30 April 2016	25,852	25,315	51,167
Net book value			
At 30 April 2016	26,266	5,343	31,609
At 30 April 2015	13,656	4,573	18,229

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

10. TANGIBLE FIXED ASSETS (CONTINUED)

The LLP	Leasehold improvements, furniture, fixtures and fittings €'000	Office equipment and computers €'000	Total €'000
Cost			
At 1 May 2015	26,433	21,825	48,258
Exchange movements	(846)	(1,086)	(1,932)
Additions	14,408	2,907	17,315
Disposals	(312)	(109)	(421)
At 30 April 2016	39,683	23,537	63,220
Accumulated depreciation			
At 1 May 2015	15,535	18,676	34,211
Exchange movements	(710)	(1,330)	(2,040)
Charge for the year	2,829	2,652	5,481
Disposals	(312)	(109)	(421)
At 30 April 2016	17,342	19,889	37,231
Net book value			
At 30 April 2016	22,341	3,648	25,989
At 30 April 2015	10,898	3,149	14,047

11. FIXED ASSETS INVESTMENTS

	LLP	
	2016 €'000	2015 €'000
Investment in subsidiary undertakings		
Cost and net book value at 1 May	27	24
Exchange movements	(2)	3
Cost and net book value at 30 April	25	27

The above investments relate to a single share in each of: Bird & Bird Partners AB, incorporated in Sweden, Bird & Bird s.r.o. advokátní kancelář, incorporated in the Czech Republic and Bird & Bird s.r.o. advokátska kancelária incorporated in Slovakia.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

11. FIXED ASSETS INVESTMENTS (CONTINUED)

The LLP has investments in the following principal entity where the proportion of ordinary shares or ownership is 100%:

	Country of incorporation, registration or operation	Activity
Bird & Bird (Services) Limited	England and Wales	Supply of the services of lawyers and support staff to the LLP

The LLP also has the power to exercise, or actually exercises, dominant influence or control over the following principal entities:

	Country of incorporation, registration or operation	Activity
Bird & Bird	Australia	Supply of legal services
Bird & Bird Services Pty Limited as trustee for the Bird & Bird Services Trust	Australia	Service company
Bird & Bird IP (Beijing) Co. Ltd	China	Supply of trade mark agency filing, copyright agency filing and IP consultation services
Bird & Bird s.r.o. advokátní kancelář	Czech Republic	Supply of legal services
Bird & Bird Advokatpartnerselskab	Denmark	Supply of legal services
Advokatanpartselskabet Bird & Bird	Denmark	Acting as general partner
Bird & Bird Investments (Nordic) Ltd	England and Wales	Investment company
Bird & Bird Attorneys Ltd	Finland	Supply of legal services
Bird & Bird AARPI	France	Supply of legal services
Bird & Bird	Hong Kong (SAR) & China	Supply of legal services
Two Birds Secretarial Services (Hong Kong) Limited	Hong Kong	Supply of company secretarial services
Knight Bird & Bird Iroda	Hungary	Supply of legal services
Bird & Bird Studio Legale	Italy	Supply of legal services
Bird & Bird Maciej Gawroński sp.k.	Poland	Supply of legal services
Bird & Bird ATMD LLP *	Singapore	Supply of legal services
Bird & Bird s.r.o. advokátska kancelária	Slovakia	Supply of legal services
Bird & Bird (International) LLP	Spain, Luxembourg	Supply of legal services
Bird & Bird AB	Sweden	Investment company
Bird & Bird Advokat Kommanditbolag	Sweden	Supply of legal services
Bird & Bird Administration AB	Sweden	Supply of the services of lawyers and support staff to Bird & Bird Advokat Kommanditbolag
Bird & Bird Service AB	Sweden	Supply of the services of lawyers and support staff to Bird & Bird Advokat Kommanditbolag
Bird & Bird (MEA) LLP	United Arab Emirates	Supply of legal services

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

11. FIXED ASSETS INVESTMENTS (CONTINUED)

- * In compliance with Singapore law and regulation, Bird & Bird ATMD LLP is an independent Singapore law practice conducted by Singapore-qualified lawyers who are members of that practice and under such law and regulation is not considered an affiliate, branch or subsidiary of Bird & Bird or Bird & Bird LLP. However, in accordance with UK accounting standards, which have different requirements, the results of Bird & Bird ATMD LLP are consolidated with those of Bird & Bird LLP.

12. DEBTORS

	Consolidated		LLP	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Due within one year:				
Trade debtors	87,652	90,440	49,731	57,309
Amounts recoverable on contracts	38,348	35,255	21,312	19,534
Other debtors	8,655	10,110	2,662	4,026
Prepayments	12,756	11,986	9,049	8,069
Amounts due from other group entities	-	-	43,293	33,494
	147,411	147,791	126,047	122,432

An impairment provision of €4,948,000 (2015: €6,229,000) has been recognised against trade debtors.

Amounts due from other group entities represent funding loans at commercial rates of interest. Such loans are repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		LLP	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Bank loans and overdraft	15,169	13,345	15,169	13,345
Trade creditors	16,577	16,489	11,136	12,279
Corporation tax	235	368	-	-
Other taxation and social security	6,758	7,646	3,123	5,155
Other creditors	3,728	4,593	6,341	452
Amounts due to former members	808	1,665	754	1,403
Accruals	18,072	13,208	8,200	3,780
	61,347	57,314	44,723	36,414

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		LLP	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Other creditors	14,982	-	14,982	-
Accruals	3,130	-	3,130	-
Revolving credit facility	35,175	45,619	35,175	45,619
	53,287	45,619	53,287	45,619

Borrowings are repayable as follows:

	Consolidated		LLP	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Due within one to two years	-	-	-	-
Due within two to five years	35,175	45,619	35,175	45,619
	35,175	45,619	35,175	45,619

The LLP had one bank loan at 30 April 2016.

A loan designated in sterling for the equivalent of €1,311,000 (2015: €1,179,000) repayable in 12 equal monthly instalments, interest being charged at 0.98%. The loan commenced in November 2015.

In November 2014, the LLP's working capital facilities were restructured to an unsecured revolving credit facility which was committed to November 2017 but has now been extended to November 2019.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated and LLP		
	Onerous leases and dilapidations €'000	Professional indemnity provision and other commercial claims €'000	Total €'000
At 1 May 2015	2,757	1,234	3,991
Credited to profit and loss account	(1,094)	(298)	(1,392)
Utilised in the year	-	(482)	(482)
At 30 April 2016	1,663	454	2,117

Onerous leases and dilapidations:

Provision is made for the cost of leases where properties have been vacated and are considered onerous to the extent that the continuing lease obligations are not expected to be recovered through sub-letting. Provisions are made for dilapidation liabilities on property leases which contain a requirement for the premises to be returned to their original state prior to conclusion of the lease term.

Professional indemnity and other commercial claims:

Provision is made for such claims not covered by the group's insurance cover.

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

16. LEASING COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Consolidated 2016		Consolidated 2015	
	Land and buildings €'000	Other €'000	Land and buildings €'000	Other €'000
Within one year	27,557	682	24,953	212
Between one and five years	74,074	895	46,815	522
After five years	160,769	359	7,148	-
	262,400	1,936	78,916	734

	LLP 2016		LLP 2015	
	Land and buildings €'000	Other €'000	Land and buildings €'000	Other €'000
Within one year	16,210	261	13,042	346
Between one and five years	53,285	274	18,053	121
After five years	160,769	359	6,908	-
	230,264	894	38,003	467

17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2015	Consolidated		At 30 April 2016
	€'000	Cash flow €'000	Exchange movement €'000	€'000
Cash at bank and in hand	12,651	(1,765)	(22)	10,864
Bank overdraft and loans	(11,994)	(2,676)	812	(13,858)
Cash at the end of year	657	(4,441)	790	(2,994)
Debt due within one year	(1,351)	(51)	91	(1,311)
Debt due after one year	(45,619)	7,355	3,089	(35,175)
Net debt at the end of year	(46,313)	2,863	3,970	(39,480)

18. CAPITAL COMMITMENTS

The following amounts have been contracted but not provided for in the financial statements:

	Consolidated	
	2016 €'000	2015 €'000
Property fit out costs	344	26

Bird & Bird LLP

Notes to the financial statements For the year ended 30 April 2016

19. RELATED PARTIES

Transactions with related parties

The LLP has relied upon the exemption in FRS102 not to disclose transactions between itself and its subsidiary undertakings or between such subsidiary undertakings.

Key management personnel

All members of the Management Committee are considered to be key management personnel. Total remuneration in respect of these individuals is €4,600,000 (2015: €4,500,000).

20. FINANCIAL RISK MANAGEMENT

The group has exposures to three main areas of risk - foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Euro currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts. The forward foreign exchange contracts all mature within 12 months.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the commitment of the revolving credit facility in note 14, the group is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships.

Interest rate risk

The group borrows from its bankers using either overdrafts or revolving Credit facilities whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

21. TRANSITION TO FRS 102

The LLP has adopted FRS 102 for the year ended 30 April 2016. There are no changes which impact on the statement of comprehensive income or the statement of financial position.

22. CONTROLLING PARTY

The members consider themselves, as a body, to be the ultimate controlling related party.