Registered number OC352713

Simmons & Simmons

Simmons & Simmons LLP

Annual report and financial statements

for the year ended 30 April 2016

Contents

Members' report

The members present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 30 April 2016.

Firm structure

Simmons & Simmons LLP is a limited liability partnership, registered in England and Wales with LLP number OC352713, and was incorporated, under the Limited Liability Partnerships Act 2000, on 1 March 2010. Simmons & Simmons is the collective name used to describe the international legal practice comprising Simmons & Simmons LLP and its subsidiary undertakings, which comprise the other partnerships, corporations and undertakings which are authorised to use, and carry on business under, the name "Simmons & Simmons".

The LLP has branches, as defined in Section 1046(3) of the Companies Act 2006, outside the UK in Belgium, France, Germany, The Netherlands and Spain.

A list of members' names, and of non-members who are designated as partners, is available for inspection at CityPoint, One Ropemaker Street, London, EC2Y 9SS, United Kingdom, which is also the principal place of business and registered office of Simmons & Simmons LLP. Further details, and copies of this annual report and financial statements, can be obtained from the Simmons & Simmons website at www.simmons-simmons.com.

Principal activity

Simmons & Simmons LLP (the "LLP") and its subsidiary entities (together the "Group") are principally engaged in the provision of legal services operated through a network of offices in Asia, the Middle East and Europe.

Review of the business and future developments

The LLP's business plan is to continue to invest and grow in particular in its existing locations and key sectors while retaining appropriate profitability.

The results for the year are set out on page 9. The members regard the results and future prospects to be satisfactory.

After a positive start, market conditions in the UK declined over the course of the financial year, in particular after the announcement of the EU referendum. Contentious activity however remained strong. We saw some improvement in mainland European markets with the return of some confidence in the Eurozone.

The firm's commitment to its sector strategy continues and determines its investment priorities by reference to the needs of clients in its priority sectors. This included the opening of the office in Luxembourg in the prior financial year, to support the needs of the firm's Asset Management and Investment Funds, and Financial Institutions, clients in this key European jurisdiction. The office performed well, and ahead of expectations, in its first full year. The firm continued to invest in Asia and expanded its offerings in both Hong Kong and Singapore. Despite the impact of the slowdown of activity in China, the firm's Asian business continued to expand and performed well. The firm also invested in the expanding FinTech business in which it sees exciting opportunities.

However the firm decided to close its office in Rome as this is not a key location for clients operating in its priority sectors. Partners and lawyers relocated to Milan with the firm announcing its move to expanded premises there to accommodate all its Italian partners and staff. With the depressed oil price and geopolitical instability, the Middle East markets remained very challenging and the firm decided to consolidate its UAE business in Dubai, announcing the closure of its Abu Dhabi office in January.

Members' report

The pressure on fee rates continues and the firm expects that this will remain the case for some significant period of time. The firm remains committed to embracing different ways of working in order to improve efficiency and deliver even greater value to its clients. The firm's Bristol office is a key part of its response to these challenges, supporting the firm's reputation for excellence in premium work, and continues to expand. In addition the firm invested in its IT systems and infrastructure, with additional resources allocated to innovation, in order to support service delivery and efficiency, and re-geared its London premises commitments.

The firm also invests in its people with a number of lateral hires during the financial year and the promotion to partnership of 12 talented Managing Associates. This included four female Managing Associates as the firm continues to strive to improve the gender balance of its partnership. The firm will leverage these new capabilities and seek to extend client relationships through the additional services and expertise the firm can now offer. The firm recruited new Directors in Finance (Kathryn Greaves) and Marketing & Business Development (Eddie Bowman). In addition the firm created the new role of General Counsel (Simon Watson), reflecting the increasing role of regulation and risk management in the firm's business, incorporating the responsibilities previously discharged by the Risk function.

The firm continues to manage its costs very carefully. The full impact of the recent EU referendum will take some time to become clear but the firm is planning on the basis that there might be a short term reduction in transactional activity in the UK. However there will also be opportunities as a result of "Brexit" and the firm is focused on developing its profile to support its clients and their business through these uncertain times.

Management structure
Overall responsibility for the strategy of the firm and management of the firm, with a view to achieving business and strategic objectives, lies with the Board. The Board comprises the Senior Partner, the Managing Partner, six elected members (three from the London office and three from other offices), the Finance Director and two non-executive members, and others as may be appointed from time to time. Two of the elected members retire each year but are eligible for re-election.

The Board indirectly controls the subsidiaries and other undertakings, however some may have separate management structures which may include representatives of the Board.

The Board met ten times during the year, normally in the London office but occasionally in other offices. Since 1 May 2015, and except as indicated on the next page, the following have been members of the Board:

Members' report

Colin Passmore	Senior Partner (Designated Member)	
Jeremy Hoyland	Managing Partner (Designated Member)	
Alyson Lockett		
Andrea Accornero		From 1 May 2016
Caroline Hunter-Yeats		
David McLaughlin	Finance Director	Until 31 December 2015
David Staiano	Business Development Director	Until 5 April 2016
Fiona Loughrey		
Kathryn Greaves	Finance Director	From 4 April 2016
Leo Verhoeff		
Michael Woodford	Non-executive	
Patrick Wallace		
Peter Meyer		Until 30 April 2016
Rodger Hughes	Non-executive	

The International Executive Committee ("IEC") advises and assists the Managing Partner in the day-to-day management of the firm. The IEC comprises the Managing Partner, the Finance Director, the four International Practice Group Heads and such other members as the Managing Partner nominates and the Board approves. The IEC generally meets twice a month, with the Business Services directors in attendance as required. Since 1 May 2015, and except as indicated below, the following have been members of the IEC:

Jeremy Hoyland	Managing Partner	
David McLaughlin	Finance Director	Until 31 December 2015
Hans-Hermann Aldenhoff		
Jacques-Antoine Robert		
Jonathan Hammond		
Julian Taylor		From 1 May 2016
Kathryn Greaves	Finance Director	From 4 April 2016
Mark Curtis		
Simon Watson		Until 30 April 2016

Audit Committee

The main responsibility of the committee is to discuss and recommend, as appropriate, action in relation to such aspects of strategic, people, marketplace, ethical, financial or legal and compliance risks as may be agreed with the Board. A considerable amount of time is devoted to internal controls, risk management and the review of the audited annual report and financial statements.

The committee, appointed by the Board from among the non-executives and partners, consists of not less than three and not more than five members. By standing invitation the Senior Partner, the Managing Partner, the Finance Director and the General Counsel normally attend meetings. At least one member of the committee must have significant, recent and relevant financial experience. During the year the committee was chaired by Rodger Hughes, a non-executive Board member. The committee met four times during the year.

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

The Group operates a drawings policy which has regard to a cautious estimate of budgeted profits. Drawings are restricted to prudent levels, taking into account working capital performance, with full distributions of profits only when the results for the year and individual members' allocations have been determined. In addition, the Members' Agreement provides a framework for further restriction of drawings under circumstances where the cash requirements of the business need to take priority over the cash needs of the members.

Members' report

Members' capital requirements are determined from time to time having regard to the short, medium and long term needs of the business. The level of capital contribution depends on the member's number of profit sharing units. Members' capital is repaid on retirement.

There are a number of individuals who, for a variety of reasons, are not members of the LLP but who have the equivalent standing, status or qualifications of a member and who are designated as partners. These individuals are generally remunerated on an equivalent basis to members. Where an individual receives his or her remuneration as an employee or consultant, this is presented within "Staff costs" in the notes to the Group profit and loss account. Remuneration that is payable to a member that falls to be treated as a charge against profits rather than an allocation of profits is separately disclosed as "Members' remuneration charged as an expense".

After the allocation of members' remuneration charged as an expense, the profit for the financial year may be determined. The members approve the financial statements and distribution statements for the financial year and pass a resolution to effect the division and appropriation of the profit. There are then three planned distribution dates during the following financial year.

A reserve is made for taxation for each individual member on a full provision basis by deduction from remuneration. The firm then settles tax liabilities on behalf of members from such reserves as and when they fall due. Members are personally responsible for funding pensions and other benefits.

Drawings to members are provided by way of an advance on account of profit entitlement. The level of drawings is recommended by the IEC and approved by the members as part of the budget process each year. As members draw a proportion of their expected profit share during the year before the profits for the year have been determined and allocated to them, by the year end their personal current accounts with the LLP are in deficit. The total of these current accounts is shown in the Group balance sheet as "Amounts due from members". Once the profit for the year has been allocated, the members' current accounts are typically in surplus by the amount of their share of the year's profit in excess of that already drawn.

Financing and capital
The firm is financed primarily through revolving capital loans, structured in the form of a joint facility provided by two banks made available to the LLP, with guaranteed recourse to partners, and through undistributed profits (including tax retentions). There is also a capital accumulation scheme, whereby a fixed amount of capital is provided by partners through retained earnings. Although this capital is classified as a liability it does not constitute money borrowed from a financial institution. The scheme requires the provision, on a progressive basis, of a flat amount of capital by equity partners, in tranches over a period of six years, starting in the third year of equity partnership and concluding in the eighth year. Interest is paid on the capital accumulation balance at a rate reflecting the firm's borrowing cost. Capital contributed under this scheme is normally repayable following retirement, unless the aggregate of the capital remaining after that repayment would fall below £10m.

The LLP also has available further borrowing facilities arranged with a number of banks. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in note 12.

Members' report

Principal risks and uncertainties

The principal risks and uncertainties that affect the financial results of the Group relate to the variability of the market for premium, high-end legal advice. Management seeks to match the Group's resources to the expected demand while taking up opportunities to expand market share.

The Group's financial risks relate to the non-recoverability of client receivables, liquidity risk in relation to payables and foreign exchange risk due to the international nature of its business.

Staff

The firm is committed to developing a high performance culture where talent can thrive regardless of background, religion, sexual orientation or gender. Over the course of the year, 13 lateral partner hires joined the firm and 12 new partners were promoted, of whom 16% were female.

Corporate social responsibility

The firm's corporate responsibility strategy is focussed on social inclusion, pro bono, diversity, gender balance and the environment. This provides an inclusive and supportive working environment for all members of the firm and enables staff to engage with the local community and key clients from across the network. The firm has continued to provide financial support to charitable organisations or grants to individuals through the Simmons & Simmons Charitable Foundation.

Disclosure of information to auditors

In so far as the members are aware:

- there is no relevant audit information of which the LLP's auditors are not aware; and
- the members have taken the necessary steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

The independent auditors of Simmons & Simmons LLP are PricewaterhouseCoopers LLP who will be proposed for reappointment.

Approved by the Board and signed on its behalf by:

Jeremy Hoyland

Managing Partner

3 November 2016

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law as applied to Limited Liability Partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group and the LLP for that year. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership 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 Companies Act 2006, as applicable to Limited Liability Partnerships, and in accordance with the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014). 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.

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

Independent auditors' report to the members of Simmons & Simmons LLP

Report on the financial statements

Our opinion
In our opinion, Simmons & Simmons LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 30 April 2016 and of the group's profit and cash flows 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.

What we have audited
The financial statements, including within the Annual report and financial statements (the "Annual Report"), comprise:

- the Consolidated and Limited Liability Partnership Balance Sheet as at 30 April 2016;
- the Consolidated profit and loss account and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated cash flow statement for the year then ended;
- the Consolidated and Limited Liability Partnership statement of changes in members' interests for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Simmons & Simmons LLP

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Members' responsibilities statement set out on page 6, 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) ("ISA's (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with 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 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Kate Wolstenholme (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 November 2016

Consolidated profit and loss account

	Note	2016 £'000	Restated 2015 £'000
Turnover			
Revenue in respect of legal services		**292,909**	286,508
Expenses recharged		**1,431**	2,463
Other operating income		**1,959**	4,039
		296,299	293,010
Operating costs			
Staff costs	5	**(119,576)**	(118,367)
Depreciation, amortisation and impairment		**(7,049)**	(5,050)
Other operating expenses		**(69,167)**	(81,503)
		(195,792)	(204,920)
Operating profit		**100,507**	88,090
Interest receivable and similar income	3	**146**	93
Interest payable and similar charges	3	**(2,574)**	(1,846)
Profit on ordinary activities before taxation	4	**98,079**	86,337
Tax on profit on ordinary activities of the subsidiaries	7	**(822)**	35
Profit on ordinary activities before members' remuneration and profit shares		**97,257**	86,372
Members' remuneration charged as an expense		**(8,365)**	(10,402)
Profit for the financial year available for discretionary division among members		**88,892**	75,970

All amounts relate to continuing activities.

The LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 not to present the LLP's own profit and loss account. The LLP's profit for the financial year available for discretionary division among members was £96.6m (Restated 2015: £85.0m).

Consolidated statement of comprehensive income

	Note	2016 £'000	Restated 2015 £'000
Profit for the financial year available for discretionary division amongst members		**88,892**	75,970
Currency translations difference on foreign currency net investments		**4,448**	(2,138)
Remeasurement of net defined benefit liability	18	**1,484**	(4,155)
Other comprehensive income / (expense) for the year, net of tax		**5,932**	(6,293)
Total comprehensive income available for discretionary division among members		**94,824**	69,677

Consolidated balance sheet

	Note	2016 £'000	Restated 2015 £'000
Fixed assets			
Intangible assets	8	**11,197**	9,379
Tangible assets	9	**8,969**	9,722
		20,166	19,101
Current assets			
Debtors	11	**161,296**	157,340
Cash at bank and in hand		**17,346**	17,657
		178,642	174,997
Creditors: amounts falling due within one year	12	**(97,494)**	(61,470)
Net current assets		**81,148**	113,527
Total assets less current liabilities		**101,314**	132,628
Creditors: amounts falling due after more than one year	13	**(2,465)**	(42,681)
Provisions for liabilities	14	**(3,385)**	(16,593)
Defined benefit pension liability	18	**(11,150)**	(15,232)
Net assets attributable to members		**84,314**	58,122
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		**15,247**	14,788
Members' other interests			
Currency translation reserve		**2,310**	(2,138)
Other reserves classified as equity		**66,757**	45,472
		84,314	58,122

Consolidated balance sheet

	Note	2016 £'000	Restated 2015 £'000
Total members' interests			
Amounts due from members	11	**(23,363)**	(18,025)
Amounts due to members		**-**	2,139
Members' capital classified as a liability		**15,247**	14,788
Members' other interests		**66,757**	45,472
Currency translation reserve		**2,310**	(2,138)
		60,951	42,236

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 3 November 2016. They were signed on behalf of the Group by:

Colin Passmore
Senior Partner

Jeremy Hoyland
Managing Partner

Kathryn Greaves
Finance Director

Limited Liability Partnership balance sheet

	Note	2016 £'000	Restated 2015 £'000
Fixed assets			
Intangible assets	8	**11,175**	9,379
Tangible assets	9	**6,813**	7,810
		17,988	17,189
Current assets			
Debtors	11	**213,144**	193,781
Cash at bank and in hand		**9,952**	12,379
		223,096	206,160
Creditors: amounts falling due within one year	12	**(138,979)**	(87,967)
Net current assets		**84,117**	118,193
Total assets less current liabilities		**102,105**	135,382
Creditors: amounts falling due after more than one year	13	**(2,465)**	(42,681)
Provisions for liabilities	14	**(3,109)**	(16,295)
Defined benefit pension liability	18	**(11,150)**	(15,232)
Net assets attributable to members		**85,381**	61,174
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		**15,311**	14,788
Members' other interests			
Currency translation reserve		**2,631**	(1,757)
Other reserves classified as equity		**67,439**	48,143
		85,381	61,174

Limited Liability Partnership balance sheet

	Note	2016 £'000	Restated 2015 £'000
Total members' interests			
Amounts due from members	11	**(23,443)**	(18,111)
Amounts due to members		**-**	2,139
Members' capital classified as a liability		**15,311**	14,788
Members' other interests		**67,439**	48,143
Currency translation reserve		**2,631**	(1,757)
		61,938	45,202

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 3 November 2016. They were signed on behalf of the LLP by:

Colin Passmore
Senior Partner

Jeremy Hoyland
Managing Partner

Kathy Greaves
Finance Director

Consolidated statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Othor reserves classified as equity £'000	Total members' interests £'000
Members' interest at 1 May 2015	**14,788**	**(15,886)**	**(1,098)**	**(2,138)**	**45,472**	**42,236**
Members' remuneration charged as an expense	-	8,365	8,365	-	-	8,365
Profit for the financial year available for discretionary division among members	-	-	-	-	88,892	88,892
Currency translation difference on foreign currency net investments	-	-	-	4,448	-	4,448
Remeasurement of net defined benefit liability	-	-	-	-	1,484	1,484
Total comprehensive income available for discretionary division among members	**-**	**-**	**-**	**4,448**	**90,376**	**94,824**
Allocated profits in respect of the prior year	-	69,091	69,091	-	(69,091)	-
Tax paid on behalf of members	-	(32,861)	(32,861)	-	-	(32,861)
Drawings and distributions	-	(50,662)	(50,662)	-	-	(50,662)
Members' capital introduced	1,812	(1,410)	402	-	-	402
Capital repaid	(1,023)	-	(1,023)	-	-	(1,023)
Foreign currency capital revaluation	(330)	-	(330)	-	-	(330)
At 30 April 2016	**15,247**	**(23,363)**	**(8,116)**	**2,310**	**66,757**	**60,951**

Consolidated statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Other reserves classified as equity £'000	Total members' interests £'000
Members' interest at 30 April 2014 as previously stated	**13,409**	**(15,999)**	**(2,590)**	**-**	**34,015**	**31,425**
Changes on transition to FRS 102 (see note 21)	-	-	-	-	(1,126)	(1,126)
Members' interest at 1 May 2014 as restated	13,409	(15,999)	(2,590)	-	32,889	30,299
Members' remuneration charged as an expense	-	10,402	10,402	-	-	10,402
Profit for the financial year available for discretionary division among members	-	-	-	-	75,970	75,970
Currency translation difference on foreign currency net investments	-	-	-	(2,138)	-	(2,138)
Remeasurement of net defined benefit liability	-	-	-	-	(4,155)	(4,155)
Total comprehensive income/(expense) available for discretionary division among members	**-**	**-**	**-**	**(2,138)**	**71,815**	**69,677**
Allocated profits in respect of the prior year	-	59,032	59,032	-	(59,032)	-
Tax paid on behalf of members	-	(29,082)	(29,082)	-	-	(29,082)
Drawings and distributions	-	(38,600)	(38,600)	-	-	(38,600)
Members' capital introduced	2,509	(2,121)	388	-	-	388
Capital repaid	(1,130)	-	(1,130)	-	-	(1,130)
Transfer balances relating to former members to creditors	-	482	482	-	(200)	282
At 30 April 2015	**14,788**	**(15,886)**	**(1,098)**	**(2,138)**	**45,472**	**42,236**
Due to members		**2,139**				
Due (from) members		**(18,025)**				
		(15,886)				

Limited Liability Partnership statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Other reserves classified as equity £'000	Total members' interests £'000
Members' interest at 1 May 2015	**14,788**	**(15,972)**	**(1,184)**	**(1,757)**	**48,143**	**45,202**
Members' remuneration charged as an expense	-	8,365	8,365	-	-	8,365
Profit for the financial year available for discretionary division among members	-	-	-	-	96,604	96,604
Currency translation difference on foreign currency net investments	-	-	-	4,388	-	4,388
Remeasurement of net defined benefit liability	-	-	-	-	1,484	1,484
Total comprehensive income available for discretionary division among members	**-**	**-**	**-**	**4,388**	**98,088**	**102,476**
Allocated profits in respect of the prior year	-	69,426	69,426	-	(78,792)	(9,366)
Tax paid on behalf of members	-	(32,765)	(32,765)	-	-	(32,765)
Drawings and distributions	-	(51,490)	(51,490)	-	-	(51,490)
Members' capital introduced	1,872	(1,007)	865	-	-	865
Capital repaid	(1,019)	-	(1,019)	-	-	(1,019)
Foreign currency capital revaluation	(330)	-	(330)	-	-	(330)
At 30 April 2016	**15,311**	**(23,443)**	**(8,132)**	**2,631**	**67,439**	**61,938**

Limited Liability Partnership statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Other reserves classified as equity £'000	Total members' interests £'000
Members' interest at 30 April 2014 as previously stated	**13,409**	**(15,988)**	**(2,579)**	**-**	**32,774**	**30,195**
Changes on transition to FRS 102 (see note 21)	-	-	-	-	(989)	(989)
Members' interest at 1 May 2014 as restated	13,409	(15,988)	(2,579)	-	31,785	29,206
Members' remuneration charged as an expense	-	10,402	10,402	-	-	10,402
Profit for the financial year available for discretionary division among members	-	-	-	-	84,136	84,136
Currency translation difference on foreign currency net investments	-	-	-	(1,757)	-	(1,757)
Remeasurement of net defined benefit liability	-	-	-	-	(4,155)	(4,155)
Total comprehensive income/expense available for discretionary division among members	**-**	**-**	**-**	**(1,757)**	**79,981**	**78,224**
Allocated profits in respect of the prior year	-	58,457	58,457	-	(64,457)	(6,000)
Tax paid on behalf of members		(28,507)	(28,507)	-	-	(28,507)
Drawings and distributions	-	(38,600)	(38,600)	-	-	(38,600)
Members' capital introduced	2,509	(2,121)	388	-	-	388
Capital repaid	(1,130)	-	(1,130)	-	-	(1,130)
Transfer balances relating to former members to creditors	-	385	385	-	834	1,219
At 30 April 2015	**14,788**	**(15,972)**	**(1,184)**	**(1,757)**	**48,143**	**45,202**

Due to members		**2,139**
Due (from) members		**(18,111)**
		(15,972)

Consolidated cash flow statement

	Note	Group 2016 £'000	Group 2015 £'000
Net cash flows from operating activities	16	**88,337**	79,527
Cash flows from investing activities			
Purchase of tangible assets		**(4,010)**	(2,292)
Disposal of tangible assets		**102**	-
Purchase of intangible assets		**(3,825)**	(3,275)
Interest received		**146**	93
Net cash flows from investing activities		**(7,587)**	(5,474)
Cash flows from financing activities			
Repayments of borrowings		**(712)**	-
Payments to or on behalf of the members		**(81,464)**	(69,538)
Capital contributions by members		**402**	388
Repayments to former members		**(1,023)**	(1,130)
Interest paid		**(1,084)**	(889)
Net cash flows from financing activities		**(83,881)**	(71,169)
Net increase/(decrease) in cash and cash equivalents		**(3,131)**	2,884
Cash and cash equivalents at beginning of year		**17,657**	15,225
Foreign exchange gains / (losses) on cash and cash equivalents		**713**	(452)
Cash and cash equivalents at end of year		**15,239**	17,657
Cash at bank and in hand		**17,346**	17,657
Bank overdraft		**(2,107)**	-
Cash and cash equivalents		**15,239**	17,657

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Simmons & Simmons LLP ("the LLP") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. Simmons & Simmons is the collective name used to describe the international legal practice comprising the LLP and its subsidiary undertakings, which comprise the other partnerships, corporations and undertakings which are authorised to use, and carry on business under, the name "Simmons & Simmons" (the Group). The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the members' report on pages 1 to 5.

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) 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 financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 21.

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

The 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, intra-group transactions and remuneration of key management personnel.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The financial performance, position and cash flows are set out on pages 9 to 19 inclusive.

Working capital is provided in the form of revolving capital loans, structured as a single loan facility provided jointly by two banks. The facility may be drawn down in multiple currencies rolling over on a periodic basis. The arrangement expires as at 31 October 2021.

Notes to the financial statements

1. Accounting policies (continued)

c. Going concern (continued)

The members have a reasonable expectation that the LLP and the Group have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Intangible assets
Separately acquired or developed software is included at cost and amortised in equal annual instalments over periods ranging from three to seven years which are its estimated useful economic lives. Provision is made for any impairment.

e. Tangible fixed assets
Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Shorter of the property lease term and 15 years
Plant, property and machinery	Between 2 and 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f. Financial instruments
Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its 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 financing 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 there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans are measured at cost (which may be nil) less impairment.

Notes to the financial statements

1. Accounting policies (continued)

f. Financial instruments (continued)

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

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

(i) Investments
In the LLP balance sheet, investments in subsidiaries are measured at cost less impairment.

(ii) 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.

g. Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment previously been recognised.

Notes to the financial statements

1. Accounting policies (continued)

g. Impairment of assets (continued)

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where this effect is deemed material.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

The taxation payable on the partnership profits is the personal liability of the members, although payment of such liabilities is administered by the Group on behalf of the members. Consequently, neither income taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

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

Deferred tax relating to corporate subsidiaries is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

1. Accounting policies (continued)

h. Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. As members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

j. Divisible profits and members' remuneration

The LLP SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges, the spreading of acquisition integration costs and the treatment of long leasehold interests are all items which may generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been included within 'other reserves classified as equity' in the balance sheet.

Profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

k. Turnover

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

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an

Notes to the financial statements

1. Accounting policies (continued)

k. Turnover (continued)

assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as 'Unbilled revenue' (accrued income) within debtors. Accrued income is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the Group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

l. Employee benefits

The Group operates funded defined benefit schemes for certain employees, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included under interest payable and similar charges caption. Remeasurement comprising actuarial gains and losses including the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange differences arising are recognised in the profit and loss.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when the fair value was determined. Exchange differences arising on non-monetary items are recognised in other comprehensive income.

The results of international 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 other comprehensive income and accumulated in equity.

Notes to the financial statements

1. Accounting policies (continued)

n. 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.

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

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

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

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

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements involving estimations that the members have made in the process of applying the Group'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, in accordance with the Group's accounting policy for revenue recognition.

Notes to the financial statements

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of debtors
The Group makes an estimate of the recoverable value of trade debtors, other debtors and accrued income. When assessing impairment of trade debtors, other debtors and accrued income, management considers factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 11 for the net carrying amount of the Group's debtors and associated impairment provision.

Measurement of provisions
The Group's provisions, as set out in note 14 to the financial statements, include provisions for liabilities relating to property, professional indemnity and other commercial claims and are based on management's best estimate of future cash flows.

The provisions recorded in respect of onerous leases have been made using estimates of future use, and the present value of rental payments and future income.

Actuarial assumptions
The pension liabilities in respect of the defined benefit scheme have been independently valued by actuaries based on information provided by the Group. The measurement of defined benefit obligations is dependent upon material key assumptions, including discount rates, life expectancy rates, future returns on assets and future contribution rates. The key assumptions are set out in note 18 to the financial statements and have been determined having taken advice from the independent actuaries.

3. Finance costs

	Notes	**2016 £'000**	2015 £'000
Interest receivable and similar income			
Bank interest receivable		**78**	93
Other interest receivable		**68**	-
		146	93

	Notes	**2016 £'000**	2015 £'000
Interest payable and other similar charges			
Unwinding of discounts on provisions	14	**1,007**	506
Bank loans and overdrafts		**1,084**	889
Net interest on defined benefit liabilities	18	**483**	451
		2,574	1,846

Notes to the financial statements

4. Profit on ordinary activities before taxation and members' remuneration and profit shares

	2016	2015
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging /(crediting):		
Depreciation of tangible assets	**5,202**	3,028
Amortisation of intangible assets	**1,941**	2,022
Profit on disposal of tangible assets	**(94)**	-
Operating lease rentals – land and buildings	**22,359**	20,103
Operating lease rentals – office equipment	**533**	688
Foreign exchange (gain)/loss	**(1,354)**	621

During the year the Group reorganised its property arrangements based on current expected future needs. This enabled new agreements to be reached with landlords that resulted in the release of previously made provisions for onerous leases and dilapidations as they were no longer needed, leasehold improvements assets being written off early as they no longer provided any useful economic benefit to the Group and accrued rental income no longer being receivable. The net effect of this property restructuring was a reduction in costs of £9.9m within the profit and loss.

	Note	**2016**	2015
		£'000	£'000
Provisions released unused	14	(14,320)	-
Write off of leasehold improvements		1,001	-
Unwinding of discounting on provisions		974	-
Reversal of accrued rental income		2,406	-
		(9,939)	-

The analysis of the auditor's remuneration is as follows:

	2016	2015
	£'000	£'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP and the Group's consolidated financial statements	**286**	111
The audit of the LLP's subsidiaries	**147**	163
Total audit fees	**433**	274
Audit-related assurance services	**-**	-
Taxation compliance services	**209**	-
Other taxation advisory services	**-**	-
Other assurance services	**4**	-
Other services required pursuant to legislation	**61**	50
Total non-audit fees	**274**	50

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements

5. Staff costs

The average monthly number of employees was:

	2016 No.	2015 No.
Fee earners and other legal staff	**775**	742
Business support staff	**545**	525
Total staff	**1,320**	1,267

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Salaries including holiday pay and bonuses	**108,833**	106,866
Social security costs	**8,190**	7,874
Pension costs	**2,553**	3,627
	119,576	118,367

Pension costs only include those items within operating costs. Items reported elsewhere have been excluded.

6. Members' remuneration and transactions

Profits are shared among the members after the financial statements have been finalised in accordance with agreed profit sharing arrangements and include interest on members' fund.

The estimated entitlement of the highest paid member (excluding employees or consultants remunerated on an equivalent basis to members) for the current year, yet to be fully allocated is £1.2m (2015: £1.4m).

The average number of members during the year was 179 (2015: 174).

Notes to the financial statements

7. Tax on profit on ordinary activities

	2016	2015
	£'000	£'000
Taxation arises within the LLP and subsidiary undertakings of the Group and represents:		
Current tax on profit on ordinary activities		
UK corporation tax	-	-
Double tax relief	-	-
	-	-
Foreign tax	**822**	1,184
Adjustments in respect of prior years		
UK corporation tax	-	(1,219)
Foreign tax	-	-
Total current tax charge / (credit) and total tax on profit on ordinary activities	**822**	(35)

	2016	2015
	£'000	£'000
The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
Profit on ordinary activities before tax	**98,079**	86,337
Less profit subject to personal income tax	**(95,337)**	(82,475)
Profits subject to corporation tax	**2,742**	3,862
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 20% per cent (2015: 21%)	**548**	811
Effects of:		
- Expenses not deductible for tax purposes	**(44)**	(63)
- Different tax rates and bases in other jurisdictions	**318**	454
- Adjustments to tax charge in respect of previous periods	**-**	(1,237)
Group total tax charge / (credit) for year	**822**	(35)

Notes to the financial statements

8. Intangible assets

	Group	LLP
	Software £'000	Software £'000
Cost or valuation		
At 1 May 2015	25,251	25,251
Additions	3,825	3,803
Disposals	(9,580)	(9,580)
Exchange adjustment	-	-
At 30 April 2016	19,496	19,474
Accumulated amortisation		
At 1 May 2015	15,872	15,872
Charge for year	1,941	1,941
Disposals	(9,514)	(9,514)
Exchange adjustment	-	-
At 30 April 2016	8,299	8,299
Net book value		
At 30 April 2016	11,197	11,175
At 30 April 2015	9,379	9,379

Notes to the financial statements

9. Tangible assets

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 May 2015	40,793	13,526	10,865	6	65,190
Additions	1,472	1,024	1,514	-	4,010
Disposals	(5,335)	(4,706)	(4,411)	-	(14,452)
Exchange adjustment	704	414	102	-	1,220
At 30 April 2016	37,634	10,258	8,070	6	55,968
Accumulated depreciation					
At 1 May 2015	33,493	12,135	9,836	4	55,468
Charge for the year	3,759	752	690	1	5,202
Disposals	(5,159)	(4,706)	(4,411)	-	(14,276)
Exchange adjustment	402	147	56	-	605
At 30 April 2016	32,495	8,328	6,171	5	46,999
Net book value					
At 30 April 2016	5,139	1,930	1,899	1	8,969
At 30 April 2015	7,300	1,391	1,029	2	9,722

LLP	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 May 2015	35,028	10,733	9,638	6	55,405
Additions	335	850	1,392		2,577
Disposals	(4,103)	(4,105)	(4,225)	-	(12,433)
Exchange adjustment	424	294	48	-	766
At 30 April 2016	31,684	7,772	6,853	6	46,315
Accumulated depreciation					
At 1 May 2015	29,111	9,741	8,739	4	47,595
Charge for year	2,801	525	546	1	3,873
Disposals	(3,908)	(4,105)	(4,225)	-	(12,238)
Exchange adjustment	214	34	24	-	272
At 30 April 2016	28,218	6,195	5,084	5	39,502
Net book value					
At 30 April 2016	3,466	1,577	1,769	1	6,813
At 30 April 2015	5,917	992	899	2	7,810

No assets were held under finance leases by either the Group or the LLP (2015: £nil).

Notes to the financial statements

10. Group investments

The LLP is the beneficial owner of, or has the power to exercise, or actually exercises, dominant influence or control over the following entities:

	Country of Incorporation, registration or operation	Principal activity	Proportion of ordinary shares or ownership
Simmons & Simmons Middle East LLP	England & Wales	Legal services	-
Simmons & Simmons East Asia LLP	England & Wales	Legal services	-
Simmons & Simmons Asia LLP	England & Wales	Legal services	-
Simmons & Simmons Luxembourg LLP	England & Wales	Legal services	-
Simmons & Simmons Service Company Limited	England & Wales	Services	100%
Sands Service Company (No 1) Limited	England & Wales	Services	100%
Sands Service Company (No 2)	England & Wales	Services	100%
elexica Limited	England & Wales	Services	100%
SimmLaw Services Limited	England & Wales	Services	100%
Simmons & Simmons (Middle East) Limited	England & Wales	Dormant	100%
Simmons & Simmons (China) Limited	England & Wales	Dormant	100%
Simmons & Simmons (Japan) Limited	England & Wales	Dormant	100%
Simmons & Simmons (No. 1) Limited	England & Wales	Dormant	100%
Simmons & Simmons (No. 2) Limited	England & Wales	Dormant	100%
Simmons & Simmons CIS LLP	England & Wales	Dormant	-
Simmons & Simmons	Hong Kong (SAR)	Legal services	100%
Beaufield Limited	Hong Kong (SAR)	Services	100%
Simmons & Simmons Limited	Hong Kong (SAR)	Dormant	100%
Sands Secretaries Limited	Hong Kong (SAR)	Dormant	100%
Sands Agents Limited	Hong Kong (SAR)	Dormant	100%
Sands Nominees Limited	Hong Kong (SAR)	Dormant	100%
Simmons & Simmons (Beijing) Intellectual Property Agency Company Limited	China	Legal services	100%
Studio Legale associato in affiliation with Simmons & Simmons LLP	Italy	Legal services	-
Simmons & Simmons Gaikokuho Jimu Bengoshi Jimusho (Gaikokuko Joint Enterprise TMI associates)	Japan	Legal services	100%

The carrying amount of investments in subsidiaries and other investments is immaterial as at 30 April 2016 (2015: immaterial). Through control of entities or undertakings or ownership of investments, Simmons & Simmons has offices in Belgium, China, France, Germany, Hong Kong Special Administrative Region, Italy, Japan, Luxembourg, the Netherlands, Qatar, Singapore, Spain, the United Arab Emirates and the United Kingdom.

Notes to the financial statements

11. Debtors

	Group 2016 £'000	Group 2015 £'000	LLP 2016 £'000	LLP 2015 £'000
Amounts falling due within one year:				
Trade debtors	**102,558**	94,183	**79,468**	76,638
Unbilled revenue	**17,503**	22,543	**14,053**	19,267
Amounts owed by group undertakings	**-**	-	**85,662**	64,024
Amounts due from members	**23,363**	18,025	**23,443**	18,111
Other debtors	**6,080**	8,187	**3,555**	4,838
Prepayments and accrued income	**6,587**	14,297	**5,592**	10,574
Corporate income tax receivable	**5,205**	105	**1,371**	329
	161,296	157,340	**213,144**	193,781

Trade debtors are stated after provisions for impairment of £7.5m (2015: £8.0m). Amounts owed by group undertakings are non-interest bearing and repayable upon demand.

12. Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	LLP 2016 £'000	LLP 2015 £'000
Bank overdraft (see note below)	**2,107**	-	**2,107**	-
Bank loan revolving facility (see note below)	**39,507**	-	**39,507**	-
Trade creditors	**9,712**	10,406	**7,000**	8,360
Amounts owed to group undertakings	**-**	-	**63,520**	49,221
Amounts due to partners	**14,076**	14,714	**883**	989
Amounts due to former partners	**-**	2,576	**-**	2,027
Other taxation and social security	**7,167**	7,588	**4,977**	5,471
Other creditors	**5,801**	4,557	**5,269**	3,916
Accruals and deferred income	**19,124**	19,490	**15,716**	15,844
Amounts due to members	**-**	2,139	**-**	2,139
	97,494	61,470	**138,979**	87,967

Amounts owed to group undertakings are non-interest bearing and repayable upon demand.

The Group is financed through a combination of members' capital, undistributed profits, tax retentions and multicurrency revolving credit facilities with guaranteed recourse to individual members in specified proportions in the event of default. Borrowing facilities arranged vary from overdraft facilities to cover short-term fluctuations in timing of payments and receipts to loan facilities spanning several years. All borrowing facilities are arranged through the LLP. It is the Group's policy to have in place short-term borrowing facilities that comfortably exceed forecast borrowing requirements for the following 12 months.

At 30 April 2016, the LLP had committed bank facility agreements under multicurrency revolving facility agreements of £58 million and bank overdraft facilities of £15 million. At 30 April 2016 the multicurrency revolving credit facility sterling equivalent balance was £39.5 million (2015: £40.2 million). At 30 April 2016, the amount due was under a facility that started on 1 November 2013

Notes to the financial statements

12. Creditors: amounts falling due within one year (continued)

and expires on 31 October 2016 so is presented as a current liability with the comparative amount presented as a non-current liability.

Since the year end two new multicurrency revolving credit facilities have been arranged which will provide working capital structured in the form of a joint loan facility made available to the LLP, with guaranteed recourse to individual members in specified proportions in the event of default. The facilities are available to be drawn down in a mix of currencies, rolling over on a periodic basis, with interest charged at the LIBOR rate plus agreed margin. This arrangement is due to expire as at 31 October 2021.

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

	Group		LLP	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Bank loan revolving facility (see note 12)	**-**	40,219	**-**	40,219
Accruals and deferred income	**2,465**	2,462	**2,465**	2,462
	2,465	42,681	**2,465**	42,681

14. Provisions for liabilities

	Property	**Other**	**Total**
	£'000	**£'000**	**£'000**
Group			
At 1 May 2015	15,980	613	16,593
Charged to fixed assets	1,360	217	1,577
Released unused	(14,320)	-	(14,320)
Utilisation of provision	(517)	-	(517)
Unwinding of discount	32	-	32
Exchange difference	20	-	20
At 30 April 2016	**2,555**	**830**	**3,385**
LLP			
At 1 May 2015	15,682	613	16,295
Charged to fixed assets	1,360	217	1,577
Released unused	(14,320)	-	(14,320)
Utilisation of provision	(517)	-	(517)
Unwinding of discount	32	-	32
Exchange difference	42	-	42
30 April 2016	**2,279**	**830**	**3,109**

Property
The provision for property is in respect of dilapidations and onerous leases. It is expected that the majority of this expenditure will be incurred within one to nine years of the balance sheet date.

Notes to the financial statements

15. Financial Instruments

	Group	
	2016	2015
Financial assets	**£'000**	£'000
Instruments measured at amortised cost:		
Trade debtors	**102,558**	94,183
Amounts due from members	**23,363**	18,025
Other debtors	**6,080**	8,187
	132,001	120,395

	Group	
	2016	2015
Financial liabilities	**£'000**	£'000
Instruments measured at amortised cost:		
Bank overdraft	**(2,107)**	-
Loans payable	**(39,507)**	(40,219)
Measured at undiscounted amount payable:		
Trade creditors	**(9,712)**	(10,406)
Amounts due to partners	**(14,076)**	(14,714)
Amounts due to former partners	**-**	(2,576)
Amounts due to members	**-**	(2,139)
Amounts due to other creditors	**(5,801)**	(4,557)
	(71,323)	(74,611)

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2016	2015
	£'000	£'000
Interest income and expense		
Total interest income for financial assets at amortised cost	**146**	93
Total interest expense for financial liabilities at amortised cost	**(1,084)**	(889)
	(938)	(796)

	Group		LLP	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts				
Between one and two years	**-**	40,219	**-**	40,219
Between two and five years	**-**	-	**-**	-
After five years	**-**	-	**-**	-
	-	40,219	**-**	40,219
Within one year	**39,507**	-	**39,507**	-
On demand	**2,107**	-	**2,107**	-
	41,614	40,219	**41,614**	40,219

Notes to the financial statements

16. Cash flow statement

	2016 £'000	2015 £'000
Profit for the financial year	**88,892**	75,970
Adjustments for:		
Members remuneration charged as an expense	**8,365**	10,402
Tax on profit on ordinary activities	**822**	(35)
Net interest expense	**2,428**	1,753
Operating profit	**100,507**	**88,090**
Profit on disposal of tangible assets	**(94)**	-
Depreciation and amortisation	**7,143**	5,050
Unwinding lease provisions	**(14,344)**	312
Operating cash flow before movement in working capital	**93,212**	93,452
Decrease/(increase) in accrued income	**5,660**	(7,006)
Decrease/(increase) in debtors	**4,476**	(18,099)
Increase/(decrease) in creditors	**(8,891)**	12,727
Contributions to defined benefit pension scheme in excess of profit and loss charge	**(3,105)**	80
Exchange differences on translation	**(1,781)**	(130)
	(3,641)	(12,428)
Cash flows from operating activities	**89,571**	81,024
Income taxes paid	**(1,234)**	(1,497)
Net cash from operating activities	**88,337**	79,527

Notes to the financial statements

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Group				
- within one year	18,729	1,242	22,302	410
- between one and five years	57,606	2,179	64,044	143
- after five years	39,304	-	54,726	-
	115,639	3,421	141,072	553
LLP				
- within one year	12,919	1,202	16,036	350
- between one and five years	45,896	2,134	54,357	126
- after five years	36,929	-	54,609	-
	95,744	3,336	125,002	476

18. Employee benefits – pension schemes

The Group has established a number of pension schemes covering many of its employees. These schemes are categorised as either defined contribution or defined benefit pension plans.

Defined contribution schemes
The Group operates defined contribution retirement benefit schemes such as the Simmons & Simmons Standard Life group personal pension plan, the Simmons & Simmons Scottish Equitable Stakeholder Scheme and the Simmons & Simmons Standard Life group self-invested personal pension plan, for all qualifying employees. The total expense charged to profit or loss in the period ended 30 April 2016 was £2.4m (2015: £2.1m).

Defined benefit schemes
The Group sponsors two funded defined benefit pension plans for qualifying employees based in the UK and The Netherlands. The defined benefit scheme operated in the UK is the Simmons & Simmons staff pension fund ('the scheme'), a defined benefit scheme, for qualifying employees. Under the scheme, the employees are entitled to retirement benefits from a normal retirement age of 65 based on a final salary and length of service on retirement, leaving service or death. The scheme assets are held in separate trustee administered funds and was closed to future accrual with effect from 1 May 2011. The defined benefit scheme plan in The Netherlands is provided by an insurance company called Zwitserleven.

The net liability relating to these plans recognised on the balance sheet is as follows:

	2016 £'000	2015 £'000
Defined benefit plan – UK	**(10,504)**	(14,911)
Defined benefit plan – The Netherlands	**(646)**	(321)
Net defined benefit pension liability recognised in the balance sheet	**(11,150)**	(15,232)

Notes to the financial statements

18. Employee benefits (continued)

The total amounts recognised in the statement of comprehensive income are:

	2016 £'000	2015 £'000
Remeasurement of UK net defined benefit liability gain / (loss)	**1,881**	(4,155)
Remeasurement of The Netherlands net defined benefit liability gain / (loss)	**(397)**	-
Remeasurement of net defined benefit liability gain / (loss)	**1,484**	(4,155)

The most recent actuarial review of scheme assets and the present value of the defined benefit obligation on the UK defined pension scheme was carried out at 30 April 2016 by Barnett Waddington LLP, professionally qualified actuaries. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method. An actuarial valuation of the defined benefit plan in The Netherlands was performed at 30 April 2016 by Triple A – Risk Finance B.V., professionally qualified actuaries. The members consider The Netherlands plan to be immaterial for the purpose of additional disclosure.

Defined benefit plan – UK
The LLP aims to eliminate the current deficit over the next 4.5 years under a funding schedule agreed with the scheme trustees as shown in the table below.

Financial year ended 30 April	**Contributions £m**
2017	**2.2**
2018	**2.4**
2019	**2.5**
2020	**2.5 + RPI (capped at 3%)**
2021	**Previous annual contribution + RPI (capped at 3%)**

The LLP will monitor funding levels and the funding schedule will be reviewed between the LLP and the members based on actuarial valuations. The LLP considers that the contribution rates agreed with the members are sufficient to eliminate the current deficit over the agreed period.
The principal actuarial assumptions used are as follows:

	Valuation at 2016	2015
Discount rate	**3.7%**	3.6%
Future salary increases	**3.1%**	3.3%
Inflation (RPI)	**3.1%**	3.3%
Inflation (CPI)	**2.1%**	2.3%

Notes to the financial statements

18. Employee benefits (continued)

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2016	2015
Retiring today:		
Males	**22.8**	23.0
Females	**25.3**	25.5
Retiring in 20 years:		
Males	**24.5**	24.8
Females	**27.2**	27.5

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:

	2016	2015
	£'000	£'000
Interest on assets	**2,263**	2,451
Interest on liabilities	**(2,746)**	(2,902)
Net interest on defined benefit pension scheme	**(483)**	(451)
Past service cost	**-**	(2,165)
	(483)	(2,616)

Amounts recognised in the comprehensive income are as follows:

	2016	2015
	£'000	£'000
(Loss) / gain on scheme assets in excess of interest	**(3,368)**	4,489
Actuarial gains / (losses) on liabilities	**-**	2,044
Actuarial gains / (losses) from changes to demographic assumptions	**927**	-
Actuarial gains / (losses) from changes to financial assumptions	**4,322**	(10,688)
	1,881	(4,155)

Notes to the financial statements

18. Employee benefits (continued)

Amounts recognised in the balance sheet in respect of this defined benefit scheme are as follows:

	2016 £'000	2015 £'000
Fair value of assets	**61,939**	62,674
Present value of defined benefit obligations	**(72,443)**	(77,585)
	(10,504)	(14,911)

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At 1 May	**62,674**	55,664
Interest on assets	**2,263**	2,451
(Loss)/ gain on scheme assets in excess of interest	**(3,368)**	4,489
Contributions from the employer	**3,009**	2,062
Benefits paid	**(2,639)**	(1,992)
At 30 April	**61,939**	62,674

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 May	**(77,585)**	(65,866)
Past service cost	**-**	(2,165)
Interest cost	**(2,746)**	(2,902)
Actuarial (losses) / gains on liabilities	**-**	2,044
Actuarial gains / (losses) from changes to demographic assumptions	**927**	-
Actuarial gains / (losses) from changes to financial assumptions	**4,322**	(10,688)
Benefits paid	**2,639**	1,992
At 30 April	**(72,443)**	(77,585)

The actual return on scheme assets for the year ended 30 April 2016 was a loss of £1.1 million (2015: gain of £6.9 million).

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2016 £'000	2015 £'000
Equity instruments	**13,521**	14,171
Debt instruments	**20,592**	20,209
Diversified growth funds	**27,533**	27,944
Cash	**293**	350
At 30 April	**61,939**	62,674

Notes to the financial statements

19. Controlling party

The LLP is controlled by its members and as such there is no one controlling party.

The key management personnel comprise the Senior Partner, the Managing Partner, partner members of the International Executive Committee (IEC) and the business services directors. The share of the profit and salaries awarded to these key management personnel for the year will amount to £7.9m (2015: £8.7m).

The Senior Partner and the partner members of the IEC maintain significant client responsibilities.

20. Related party transactions

The LLP undertakes a number of transactions with its members in the ordinary course of business: the subscription and repayment of capital, the provision and release of guarantees and the payment of drawings, distributions and tax liabilities. These transactions are all governed by, and made in compliance with, the Members' Agreement.

Transactions between the LLP and its subsidiary undertakings have been eliminated on consolidation.

21. Explanation of transition to FRS 102

This is the first year that the LLP has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. 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, a number of accounting policies have changed to comply with that standard resulting in the following:

- Holiday pay cost is recognised where employees render services in the current period and carry forward vacation entitlement to a subsequent accounting period, see impact below in the 'reconciliation of equity' and 'reconciliation of profit available for discretionary division among the members for the year ended 30 April 2015'.

- Software is considered an intangible asset rather than a tangible fixed asset with no impact on equity or profit.

- Under FRS102 there is no requirement to calculate an expected return on assets to be recognised in the profit and loss account. Instead the interest costs of liabilities and interest receivable on assets is recognised in the profit and loss account and the actual gains and losses including the return on assets, excluding interest, are recognised immediately in other comprehensive income.

Notes to the financial statements

21. Explanation of transition to FRS 102 (continued)

Reconciliation of equity	**Group**		**LLP**	
	At 1 May 2014 £'000	At 30 Apr 2015 £'000	At 1 May 2014 £'000	At 30 Apr 2015 £'000
Equity reported under previous UK GAAP				
Members' other interests				
Currency translation reserve	-	-	-	-
Other reserves classified as equity	34,015	45,135	32,774	47,927
Total	34,015	45,135	32,774	47,927
Adjustments to equity on transition to FRS 102:				
-Holiday pay	(1,126)	(1,557)	(989)	(1,298)
-Currency translation reserve included in amounts due to members	-	(244)	-	(243)
	32,889	43,334	31,785	46,386
Equity reported under FRS 102				
Members' other interests				
Currency translation reserve	-	(2,138)	-	(1,757)
Other reserves classified as equity	32,889	45,472	31,785	48,143
Total	32,889	43,334	31,785	46,386

Reconciliation of profit available for discretionary division among members for the year ended 30 April 2015

	Group £'000	**LLP** £'000
Profit for the financial year ended 30 April 2015 under previous UK GAAP	77,236	85,280
Adjustments to profit on transition to FRS 102:		
Difference between interest on defined benefit assets and expected return on assets	(835)	(835)
Holiday pay	(431)	(309)
	(1,266)	(1,144)
Profit for the financial year ended 30 April 2015 under FRS 102	75,970	84,136

Notes to the financial statements

21. Explanation of transition to FRS 102 (continued)

Reconciliation of other comprehensive income for the year, net of tax for the year ended 30 April 2015

	Group £'000	LLP £'000
Other comprehensive income, net of tax for the year ended 30 April 2015 under previous UK GAAP	(7,120)	(7,120)
Adjustments to profit on transition to FRS 102:		
Difference between the remeasurement of net defined benefit liability and the actuarial loss on defined benefit pension scheme	835	835
Profit for the financial year ended 30 April 2015 under FRS 102	(6,285)	(6,285)