

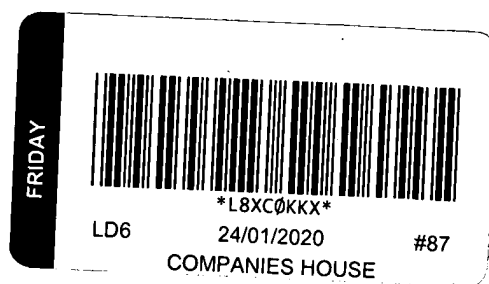
Clyde & Co LLP

Report and Financial Statements

Year Ended

30 April 2019

LLP Number OC326539



Clyde & Co LLP

Report and financial statements for the year ended 30 April 2019

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Designated members

D Carrigan
E Jenkins
M Knoerzer
S Konsta
A Nicholas

Registered office

The St Botolph Building
138 Houndsditch
London
EC3A 7AR

LLP number

OC326539

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Clyde & Co LLP

Members' report for the year ended 30 April 2019

The members are pleased to present their report and the audited consolidated financial statements of the Clyde & Co LLP group for the year ended 30 April 2019.

Principal activity

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

Results, review of business and future developments

The results for the year are set out on page 5. The members consider the results and future prospects to be satisfactory.

Designated members

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

D Carrigan
E Jenkins (Appointed 1st November 2018)
M Knoerzer
S Konsta
J Morris (Resigned 1st November 2018)
A Nicholas
A Preston (Resigned 4th September 2019)

Members' drawings and capital policy

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

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

Donations

During the year donations of £77,521 (2018: £43,068) were made for charitable purposes. These donations form a small part of the wider CSR initiatives undertaken by the group each year, including the firm's pro bono and community investment programme. More information about these initiatives can be found on the firm's website at www.clydeco.com/firm/csr.

Employee consultation

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

Disclosure of information to auditors

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

Auditors

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

Approval

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


E Jenkins
Designated Member
26 September 2019

Clyde & Co LLP

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and limited liability partnership and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership and group will continue in business.

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

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

Clyde & Co LLP

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

Opinion

We have audited the financial statements of Clyde & Co LLP ('the Limited Liability Partnership') and its subsidiaries ('the Group') for the year ended 30 April 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Limited Liability Partnership Balance Sheets, the Consolidated and Limited Liability Partnership Statements of Changes in Members' Interests, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion 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 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Limited Liability Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members are responsible for the other information. The other information comprises the information included in the Members' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Clyde & Co LLP

Independent auditor's report to the members of Clyde & Co LLP (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Limited Liability Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Members

As explained more fully in the Statement of Members' Responsibilities, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Group's and the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Group or the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership's Members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Nicholas Carter-Pegg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

26/9/19

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

Clyde & Co LLP

Consolidated income statement for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Turnover	3	612,969	550,959
Operating expenses		<u>(458,989)</u>	<u>(418,362)</u>
Operating profit		153,980	132,597
Net interest payable	7	<u>(1,432)</u>	<u>(1,452)</u>
Profit for the financial year before taxation		152,548	131,145
Taxation	8	<u>(4,038)</u>	<u>(353)</u>
Profit for the financial year before members' remuneration and profit shares		148,510	130,792
Members' remuneration charged as an expense		<u>(4,823)</u>	<u>(4,583)</u>
Profit for the financial year available for discretionary division among members		<u><u>143,687</u></u>	<u><u>126,209</u></u>

All results relate to continuing activities.

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated statement of comprehensive income for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year available for discretionary division among members		<u>143,687</u>	<u>126,209</u>
Foreign exchange translation differences		3,863	(6,605)
Actuarial losses on defined benefit pension scheme	17	(2,941)	(760)
Total comprehensive income for the year available for discretionary division among members		<u><u>144,609</u></u>	<u><u>118,844</u></u>
Profit for the financial year attributable to:			
Owners of the parent LLP		<u><u>143,687</u></u>	<u><u>126,209</u></u>
Total comprehensive income attributable to:			
Owners of the parent LLP		<u><u>144,609</u></u>	<u><u>118,844</u></u>

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated balance sheet as at 30 April 2019

LLP Number OC326539	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	11	17,307	21,242
		<u>17,307</u>	<u>21,242</u>
Current assets			
Debtors	12	340,255	325,275
Post retirement asset	17	1,840	2,010
Amounts due from members		71,867	65,397
Cash at bank and in hand		49,529	37,214
		<u>463,491</u>	<u>429,896</u>
Creditors: amounts falling due within one year	14	(241,945)	(240,210)
		<u>221,546</u>	<u>189,686</u>
Net current assets		<u>221,546</u>	<u>189,686</u>
Total assets less current liabilities		<u>238,853</u>	<u>210,928</u>
Provisions for liabilities	16	(14,347)	(12,712)
Net assets attributable to members excluding post retirement liability		<u>224,506</u>	<u>198,216</u>
Post retirement liability	17	(2,170)	(890)
Net assets attributable to members including post retirement liability		<u><u>222,336</u></u>	<u><u>197,326</u></u>

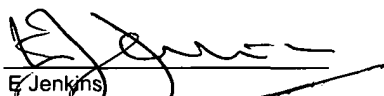
The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated balance sheet as at 30 April 2019 (continued)

	Note	2019 £'000	2018 £'000
Represented by:			
Loans and amounts due to members			
Members' capital classified as a liability		77,823	75,912
Other amounts		<u>16,572</u>	<u>9,792</u>
		94,395	85,704
Members' other interests			
Members' other interests – other reserves classified as equity		127,941	111,622
Equity attributable to the members		<u><u>222,336</u></u>	<u><u>197,326</u></u>
Total members' interests			
Amounts due from members		(71,867)	(65,397)
Loans and other debts due to members		94,395	85,704
Members' other interests		<u>127,941</u>	<u>111,622</u>
		<u><u>150,469</u></u>	<u><u>131,929</u></u>

These financial statements were approved and authorised for issue on behalf of the Members by the Management Board of Clyde & Co LLP on 26 September 2019 and signed by:


E. Jenkins
Designated member

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated statement of changes in members' interests for the year ended 30 April 2019

	EQUITY		DEBT			Total members' interests £'000
	Members' other interests £'000	Members' capital £'000	Loans and other debts due to members less any amounts due from members in debtors			
			Other reserves £'000	Other amounts £'000	Total £'000	
Amounts due to members	111,622	75,912	9,792	-	85,704	197,326
Amounts due from members	-	-	-	(65,397)	(65,397)	(65,397)
Balance at 1 May 2018	111,622	75,912	9,792	(65,397)	20,307	131,929
Members' remuneration charged as an expense	-	-	4,823	-	4,823	4,823
Profit for the year available for discretionary division among members	143,687	-	-	-	-	143,687
Members' interests after profit for the year	255,309	75,912	14,615	(65,397)	25,130	280,439
Allocated profits	(126,251)	-	60,854	65,397	126,251	-
Capital introduced	-	7,304	(2,334)	-	4,970	4,970
Repayments of capital	-	(4,300)	-	-	(4,300)	(4,300)
Drawings	-	-	(53,897)	(71,867)	(125,764)	(125,764)
Actuarial loss on defined benefit pension schemes (note 17)	(2,941)	-	-	-	-	(2,941)
Foreign exchange translation differences	3,863	-	-	-	-	3,863
Transfer to creditors	-	(1,093)	(5,549)	-	(6,642)	(6,642)
Movement on reserves	(2,039)	-	2,883	-	2,883	844
Amounts due to members	127,941	77,823	16,572	-	94,395	222,336
Amounts due from members	-	-	-	(71,867)	(71,867)	(71,867)
Balance at 30 April 2019	127,941	77,823	16,572	(71,867)	22,528	150,469

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated statement of changes in members' interests for the year ended 30 April 2019

	EQUITY		DEBT			Total members' interests £'000
	Members' other interests £'000	Members' capital £'000	Loans and other debts due to members less any amounts due from members in debtors		Total £'000	
			Other reserves £'000	Other amounts £'000		
Amounts due to members	111,483	71,976	7,394	-	79,370	190,853
Amounts due from members	-	-	-	(60,417)	(60,417)	(60,417)
Balance at 1 May 2017	111,483	71,976	7,394	(60,417)	18,953	130,436
Members' remuneration charged as an expense	-	-	4,583	-	4,583	4,583
Profit for the year available for discretionary division among members	126,209	-	-	-	-	126,209
Members' interests after profit for the year	237,692	71,976	11,977	(60,417)	23,536	261,228
Allocated profits	(121,798)	-	61,344	60,454	121,798	-
Capital introduced	-	11,211	(653)	-	10,558	10,558
Repayments of capital	-	(5,743)	89	-	(5,654)	(5,654)
Drawings	-	-	(58,014)	(65,434)	(123,448)	(123,448)
Actuarial loss on defined benefit pension schemes (note 17)	(760)	-	-	-	-	(760)
Foreign exchange translation differences	(6,605)	-	-	-	-	(6,605)
Transfer to creditors	-	(1,532)	(3,226)	-	(4,758)	(4,758)
Movement on reserves	3,093	-	(1,725)	-	(1,725)	1,368
Amounts due to members	111,622	75,912	9,792	-	85,704	197,326
Amounts due from members	-	-	-	(65,397)	(65,397)	(65,397)
Balance at 30 April 2018	111,622	75,912	9,792	(65,397)	20,307	131,929

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Consolidated statement of cash flows for the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit for the financial year before members' remuneration and profit shares		148,510	130,792
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	11	8,090	8,072
Net interest payable	7	1,432	1,452
Taxation expense	8	4,038	353
Increase in trade and other debtors		(11,573)	(7,124)
Increase in trade and other creditors		4,444	7,130
Increase in provisions		1,639	2,168
Pension contributions	17	(1,791)	(2,390)
Operating charges to pension fund	17	300	-
Unwinding of discount on provisions	7	(147)	(154)
Cash from operations		<u>154,942</u>	<u>140,299</u>
Taxation paid		(3,692)	(1,083)
Annuity payments to former members		(459)	(464)
Members' drawings in relation to remuneration		(125,764)	(123,448)
Net cash generated from operating activities		<u>25,027</u>	<u>15,304</u>
Cash flows from investing activities			
Purchases of tangible fixed assets	11	(3,753)	(6,550)
Cash acquired with subsidiary undertaking		-	837
Interest received	7	1,253	1,197
Net cash from investing activities		<u>(2,500)</u>	<u>(4,516)</u>
Cash flows from financing activities			
Capital introduced by members		4,970	10,558
Capital repaid to members		(4,300)	(5,654)
Interest paid	7	(2,538)	(2,505)
Revolving Credit Facility (repayment)/ drawdown	15	(10,000)	647
Net cash used in financing activities		<u>(11,868)</u>	<u>3,046</u>
Net increase in cash and cash equivalents		10,659	13,834
Cash and cash equivalents at beginning of year		37,214	28,255
Foreign exchange gains and losses		1,656	(4,875)
Cash and cash equivalents at end of year		<u>49,529</u>	<u>37,214</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		49,529	37,214
		<u>49,529</u>	<u>37,214</u>

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

LLP balance sheet
as at 30 April 2019

LLP Number OC326539	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	11	9,245	11,742
		<u>9,245</u>	<u>11,742</u>
Current assets			
Debtors	12	284,584	265,302
Amounts due from members		26,590	25,688
Investments	13	456	456
Cash at bank and in hand		16,977	15,568
		<u>328,607</u>	<u>307,014</u>
Creditors: amounts falling due within one year	14	(191,857)	(199,900)
		<u>136,750</u>	<u>107,114</u>
Net current assets			
		<u>145,995</u>	<u>118,856</u>
Total assets less current liabilities			
Provisions for liabilities	16	(12,378)	(11,564)
		<u>133,617</u>	<u>107,292</u>
Net assets attributable to members			

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

LLP balance sheet
as at 30 April 2019 (continued)

	Note	2019 £'000	2018 £'000
Represented by:			
Loans and amounts due to members			
Members' capital classified as a liability		54,455	53,517
Other amounts		27,581	17,186
		82,036	70,703
Members' other interests			
Members' other interests – other reserves classified as equity		51,581	36,589
Equity attributable to the members		133,617	107,292
Total members' interests			
Amounts due from members		(26,590)	(25,688)
Loans and other debts due to members		82,036	70,703
Members' other interests		51,581	36,589
		107,027	81,604

The LLP has taken advantage of section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own Profit and Loss Account in these financial statements. The LLP's profit available for discretionary division among members for the year was £88,452,007 (2018: £73,745,450).

These financial statements were approved and authorised for issue on behalf of the Members by the Management Board of Clyde & Co LLP on 26 September 2019 and signed by:



 E Jenkins
 Designated member

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

LLP statement of changes in members' interests for the year ended 30 April 2019

	EQUITY		DEBT			Total members' interests £'000
	Members' other interests £'000	Members' capital £'000	Loans and other debts due to members less any amounts due from members in debtors			
			Other reserves £'000	Other amounts £'000	Total £'000	
Amounts due to members	36,589	53,517	17,186	-	70,703	107,292
Amounts due from members	-	-	-	(25,688)	(25,688)	(25,688)
Balance at 1 May 2018	36,589	53,517	17,186	(25,688)	45,015	81,604
Members' remuneration charged as an expense	-	-	2,492	-	2,492	2,492
Profit for the year available for discretionary division among members	88,452	-	-	-	-	88,452
Members' interests after profit for the year	125,041	53,517	19,678	(25,688)	47,507	172,548
Allocated profits	(76,682)	-	50,994	25,688	76,682	-
Capital introduced	-	5,051	(1,393)	-	3,658	3,658
Repayments of capital	-	(3,250)	-	-	(3,250)	(3,250)
Drawings	-	-	(40,447)	(26,590)	(67,037)	(67,037)
Foreign exchange translation differences	4,110	-	-	-	-	4,110
Transfer to creditors	-	(863)	(2,816)	-	(3,679)	(3,679)
Movement on reserves	(888)	-	1,565	-	1,565	677
Amounts due to members	51,581	54,455	27,581	-	82,036	133,617
Amounts due from members	-	-	-	(26,590)	(26,590)	(26,590)
Balance at 30 April 2019	51,581	54,455	27,581	(26,590)	55,446	107,027

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

LLP statement of changes in members' interests for the year ended 30 April 2019

	EQUITY		DEBT			Total members' interests £'000
	Members' other interests £'000	Members' capital £'000	Loans and other debts due to members less any amounts due from members in debtors			
			Other reserves £'000	Other amounts £'000	Total £'000	
Amounts due to members	40,353	53,956	10,830	-	64,786	105,139
Amounts due from members	-	-	-	(17,230)	(17,230)	(17,230)
Balance at 1 May 2017	40,353	53,956	10,830	(17,230)	47,556	87,909
Members' remuneration charged as an expense	-	-	3,401	-	3,401	3,401
Profit for the year available for discretionary division among members	73,745	-	-	-	-	73,745
Members' interests after profit for the year	114,098	53,956	14,231	(17,230)	50,957	165,055
Allocated profits	(73,461)	-	56,231	17,230	73,461	-
Capital introduced	-	5,249	(584)	-	4,665	4,665
Repayments of capital	-	(4,156)	20	-	(4,136)	(4,136)
Drawings	-	-	(49,933)	(25,688)	(75,621)	(75,621)
Foreign exchange translation differences	(5,244)	-	-	-	-	(5,244)
Transfer to creditors	287	(1,532)	(1,286)	-	(2,818)	(2,531)
Movement on reserves	909	-	(1,493)	-	(1,493)	(584)
Amounts due to members	36,589	53,517	17,186	-	70,703	107,292
Amounts due from members	-	-	-	(25,688)	(25,688)	(25,688)
Balance at 30 April 2018	36,589	53,517	17,186	(25,688)	45,015	81,604

The notes on pages 16 to 35 form part of the consolidated financial statements.

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019

1. Accounting policies

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

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

Parent LLP disclosure exemptions

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

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

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Clyde & Co LLP and its subsidiaries ("the Group") as if they formed a single entity. Control over these subsidiaries is achieved when the firm is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over them. Intergroup transactions and balances between group companies are therefore eliminated in full.

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

Turnover

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

Segmental information is not disclosed as the members believe that to do so would be prejudicial to the interests of the firm.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Financial liabilities and equity

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

1. Accounting policies (continued)

Tangible fixed assets

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

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

Depreciation

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

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

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

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

Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

Finance costs

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

1. Accounting policies (continued)

Profit allocations

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

Drawings

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

Members' capital

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

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

Holiday pay accrual

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

Professional indemnity insurance

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

Segmental reporting

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

Leased assets: Lessee

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

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

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

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

Onerous leases

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

1. Accounting policies (continued)

Current and deferred taxation

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

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

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

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

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

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

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

Defined benefit pension schemes

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

The schemes are funded with the assets held separately from those of the Clyde & Co LLP group ("the Group"), in separate trustee administered funds. Pension scheme assets are valued at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, is presented separately after other net assets on the face of the balance sheet.

Annuities

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

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

1. Accounting policies (continued)

Financial instruments

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

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

Financial assets

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

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

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

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

Financial liabilities

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

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

Derecognition of financial assets and liabilities

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

Business combinations

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

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

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

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

- Significant judgement is taken by the members in assessing the recoverable amount of unbilled work performed in respect of client work. Consideration is given to the historic recovery rates of unbilled work when making this judgement. See note 12 for the carrying amount of amounts recoverable from clients in respect of unbilled work performed.
- Significant judgement is taken by the members in assessing the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.
- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

Tangible fixed assets (see note 11)

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

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

Other provisions (see note 16)

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

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

Defined benefit pension scheme (see note 17)

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

3. Analysis of turnover

	2019 £'000	2018 £'000
Fee income	612,969	550,959
	<u>612,969</u>	<u>550,959</u>

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

4. Principal entities included in the consolidation

	Registered Office and Country of incorporation
Entities providing legal services	
Clyde & Co US LLP	The Chrysler Building, 405 Lexington Avenue, New York, 10174, United States
Clyde & Co (CIS) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (Greece) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co Hong Kong (partnership)*	58th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, China
Clyde & Co Canada LLP	630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada
Clyde & Co Claims LLP	7th Floor, Beaufort House, 15 St Botolph Street, London, EC3A 7NJ
Clyde & Co Singapore PTE Limited	12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore
Clyde Abogados SLP	Plaza Marqués de Salamanca 3-4, planta 5 , Madrid, 28006, Spain
Clyde & Co Incorporated	6th Floor, Katherine & West Building, 114 West Street, Johannesburg, Sandton 2196, P.O. Box 786448
Clyde & Co (Tanzania) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (Australia) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (France) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (Deutschland) LLP	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co India Limited	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Indian Business Law Limited	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Trident (Claims & Recoveries) LLP	Chancery Place, 50 Brown Street, Manchester, M2 2JT
Clyde & Co (Scotland) LLP	Albany House, 58 Albany Street, Edinburgh, EH1 3QR
Clyde & Co Technical Services JSC	Tripoli Tower No. 2, Room 148/149, 14th Floor, Tripoli, Libya
Despacho de Abogados, miembros de la Firma Internacional de Abogados Clyde & Co	Avenida Circunvalación del Sol, Edificio Santa Paula Plaza I, Piso 4, Oficina 405. Urbanización Santa Paula, Caracas, 1061, Venezuela
Clasis LLC	12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore
Clyde & Co Clasis Singapore Pte Limited	12 Marina Boulevard, #30-03, Marina Bay Financial Centre Tower 3, 018982, Singapore
Clyde & Co Sociedade de Consultores em Direito Estrangeiro/Direito Ingles	Rua Padre João Manuel, 199, 2º andar, cj 24, Cerqueira Cesar, CEP 01411-001, Sao Paulo-SP, Brazil
Clasis Law India	14th Floor, 28, Barakhamba Road, New Delhi, 110 001, India
Clasis Law Limited	The St Botolph Building , 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co Canada Holdings Inc	630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada
Clyde & Co Australia*	Level 15, 333 George Street, Sydney, New South Wales, 2000, Australia

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

4. Principal entities included in the consolidation (continued)	Registered Office and Country of incorporation
Entities providing legal services (continued)	
Clyde & Co Westlink*	701, Tower 5, Corporate Avenue, 56 Ruitian Road, Yuzhong District, Chongqing, 400010, China
CCIP Limited	Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands
Clyde IP Services Limited	Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands
Clyde IP Services W.L.L.	Office 209, Building 125 Trust Tower, Block 317, Road 1702, Diplomatic Area, P.O. Box 2215, Manama, Bahrain
Clyde IP Services L.L.C	Building 458, Street 41, Alwattayah, Mutrah, Muscat Governorate. P.O. Box 1982, 111, Muscat, Oman
Clyde IP Services for Trade Mark and Patent Registration L.L.C.	Plot 218, Building 7, Al Rifai Complex, Hawalli
Gulf Recoveries Limited (BVI Pvt. Ltd. Co.)	Craigmuir Chamber, Road Town, Tortola, VG1110, British Virgin Islands
Clyde and Co LLP Lawyers and Legal Consultants	The Business Gate, Building 14, Airport Road, Qurtubah District, Riyadh, 11474, PO Box 16743, Saudi Arabia
Garza Tello & Asociados, S.C.	Camino a Santa Teresa 187 C, 5 Piso, Parques del Pedregal, Tlalpan, 14010, Ciudad de México
Clyde & Co (Mexico) Limited	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (Garza Tello) Limited	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (Mejico) Limited	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde & Co (United Mexican States) Limited	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Service companies	
Clyde UK Services Company (unlimited)	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Clyde Overseas Service Company (unlimited)	The St Botolph Building, 138 Houndsditch, London, EC3A 7AR, United Kingdom
Padova Enterprises Limited	58th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, China
Beaumont and Son Consultoria de Seguros Limitada	Av. Rio Branco, 257 sala 808, Centro, 20040-009 Rio de Janeiro RJ
Clyde & Co Consultores Limitada	Rua Padre João Manuel, 199, 2º andar, cj 24, Cerqueira Cesar, CEP 01411-001, Sao Paulo-SP, Brazil
Clyde & Co Consultores SA	Avenida Circunvalación del Sol, Edificio Santa Paula Plaza I, Piso 4, Oficina 405. Urbanización Santa Paula, Caracas, 1061, Venezuela
Clyde & Co Australia Services PTY Limited	Tripoli Tower No. 2, Room 148/149, 14th Floor, Tripoli, Libya
Nicholl Paskell-Mede Inc	630 Rene-Levesque Blvd. West, Suite 1700, Montréal, Quebec, H3B 1S6, Canada
NPM Toronto Limited	401 Bay Street, Suite 2500 P.O. Box 25, Toronto, Ontario, M5H 2Y4, Canada
Simpson & Marwick (Services) Limited	Albany House, 58 Albany Street, Edinburgh, EH1 3QR

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

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

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

5. Operating profit	2019 £'000	2018 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	8,090	8,072
Rentals under operating leases		
Property	35,213	29,553
Other	938	1,037
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	240	257
Fees payable to the LLP's auditor and its associates for other services to the group:		
Other services pursuant to legislation	55	52
Taxation compliance services	486	580
Taxation advisory services	103	210
Other	156	55
Exchange differences	443	(964)
	272,036	252,598
6. Employees	2019 £'000	2018 £'000
Staff costs consist of:		
Wages and salaries	241,940	226,203
Social security costs	14,921	14,276
Pension costs	15,175	12,119
	272,036	252,598
The average number of employees during the year was as follows:		
	2019 Number	2018 Number
Practice	1,963	1,841
Support staff	1,546	1,537
	3,509	3,378
7. Net interest payable	2019 £'000	2018 £'000
Bank interest receivable	(1,253)	(1,197)
Bank interest payable	2,538	2,505
Running costs paid by the pension scheme	60	20
Interest on pension scheme	(60)	(30)
Unwinding of discount on provisions	147	154
	1,432	1,452

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (*continued*)

8. Taxation

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

	2019	2018
	£'000	£'000
Current year tax charge	3,649	375
Prior year adjustment	389	(22)
Total current tax charge	<u><u>4,038</u></u>	<u><u>353</u></u>

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

	2019	2018
	£'000	£'000
Profit on ordinary activities before taxation	152,548	131,145
Less: amounts subject to personal taxation	(140,133)	(126,177)
Profits subject to Corporate taxation	<u><u>12,415</u></u>	<u><u>4,968</u></u>

The tax assessed for the period differs to that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Profits subject to Corporate taxation	<u>12,415</u>	<u>4,968</u>
At UK standard rate of 19% (2018: 19%)	2,359	944
Factors affecting the charge for the year:		
- Non-taxable movements on pension liability	(316)	(422)
- Deferred tax assets not recognised	873	291
- Prior year adjustments	389	(22)
- Short term timing differences	(296)	(419)
- Difference in local tax rates	1,044	(19)
- Expenses not deductible for tax purposes	(15)	-
Total current tax charge	<u><u>4,038</u></u>	<u><u>353</u></u>

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

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

9. Members' remuneration

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

	2019 Number	2018 Number
Average number of members during the year	340	320
	2019 £'000	2018 £'000
Profit attributable to the member with the largest entitlement	1,727	1,414

10. Parent LLP profit for the year

The LLP has taken advantage of the exemption allowed under the Companies Act 2006 as applied to LLP's and has not presented its own statement of comprehensive income in these financial statements. The profit available for discretionary division among members of the parent LLP for the year was £88,452,007 (2018: - £73,745,450).

11. Tangible fixed assets

	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
As at 1 May 2018	57,356	51,822	86	109,264
Foreign exchange revaluation	1,066	1,572	-	2,638
Reclassification	(2)	(6)	8	-
Additions	1,538	2,215	-	3,753
Disposals	(945)	(623)	(22)	(1,590)
At 30 April 2019	59,013	54,980	72	114,065
Accumulated depreciation				
As at 1 May 2018	39,842	48,133	47	88,022
Foreign exchange revaluation	748	1,486	2	2,236
Charge for the year	4,784	3,286	20	8,090
Disposals	(945)	(623)	(22)	(1,590)
At 30 April 2019	44,429	52,282	47	96,758
Net book value				
At 30 April 2019	14,584	2,698	25	17,307
At 30 April 2018	17,514	3,689	39	21,242

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

11. Tangible fixed assets (continued)	Leasehold Improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
LLP			
Cost			
As at 1 May 2018	39,433	40,706	80,139
Foreign exchange revaluation	576	610	1,186
Additions	377	981	1,358
At 30 April 2019	<u>40,386</u>	<u>42,297</u>	<u>82,683</u>
Accumulated depreciation			
As at 1 May 2018	30,045	38,352	68,397
Foreign exchange revaluation	448	568	1,016
Charge for the year	2,083	1,942	4,025
At 30 April 2019	<u>32,576</u>	<u>40,862</u>	<u>73,438</u>
Net book value			
At 30 April 2019	<u>7,810</u>	<u>1,435</u>	<u>9,245</u>
At 30 April 2018	<u>9,388</u>	<u>2,354</u>	<u>11,742</u>

12. Debtors	Group 2019 £'000	Group 2018 £'000	LLP 2019 £'000	LLP 2018 £'000
Trade debtors	276,978	260,429	144,074	143,472
Amounts recoverable from clients in respect of unbilled work performed	36,377	33,897	22,099	20,402
Amounts due from group undertakings	-	-	98,932	84,548
Corporation tax	-	1,155	-	-
Other debtors	4,611	6,088	2,825	1,240
Prepayments and accrued income	22,289	23,706	16,654	15,640
	<u>340,255</u>	<u>325,275</u>	<u>284,584</u>	<u>265,302</u>

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

	Group 2019 £'000	Group 2018 £'000	LLP 2019 £'000	LLP 2018 £'000
(Charge)/credit recognised	<u>(648)</u>	<u>(2,213)</u>	<u>133</u>	<u>(382)</u>

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

Group:

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

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (*continued*)

13. Current asset investments	Group 2019 £'000	Group 2018 £'000	LLP 2019 £'000	LLP 2018 £'000
Opening fair value	-	-	456	456
Additions	-	-	-	-
Closing fair value	<u>-</u>	<u>-</u>	<u>456</u>	<u>456</u>

14. Creditors: amounts falling due within one year	Group 2019 £'000	Group 2018 £'000	LLP 2019 £'000	LLP 2018 £'000
Bank loans and overdrafts (see Note 15)	97,000	107,000	97,000	107,000
Trade creditors	47,088	45,442	31,497	31,418
Amounts owed to group undertakings	-	-	9,513	13,785
Corporation tax	453	-	-	-
Taxation and social security	8,698	10,046	4,674	3,025
Other creditors	55,579	49,483	38,724	35,574
Accruals and deferred income	33,127	28,239	10,449	9,098
	<u>241,945</u>	<u>240,210</u>	<u>191,857</u>	<u>199,900</u>

Other creditors includes amounts due to former members; of the Group of £5,736k (2018: £6,352k) and of the LLP of £4,337k (2018: £5,077k)

15. Borrowings	Group 2019 £'000	Group 2018 £'000	LLP 2019 £'000	LLP 2018 £'000
Bank loans	97,000	107,000	97,000	107,000
	<u>97,000</u>	<u>107,000</u>	<u>97,000</u>	<u>107,000</u>
Maturity analysis				
Within one year or on demand	97,000	107,000	97,000	107,000
	<u>97,000</u>	<u>107,000</u>	<u>97,000</u>	<u>107,000</u>

Of the bank loans and overdrafts, £30,000k relates to a fully drawn revolving loan facility expiring on 30 April 2021 at a rate of 0.85% above LIBOR. £67,000k relates to the drawn amount on a £105,000k revolving loan facility expiring on 27 April 2022 at a rate of 1.40% above LIBOR. No security over any of the group's assets is given in relation to these loans and overdrafts.

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Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

16. Provisions for liabilities

Group	2018 £'000	Charge for the year £'000	Utilised in year £'000	2019 £'000
Property provisions	8,225	1,204	-	9,429
Provision for annuities	2,100	252	(420)	1,932
Other provisions	2,387	988	(389)	2,986
	<u>12,712</u>	<u>2,444</u>	<u>(809)</u>	<u>14,347</u>

LLP	2018 £'000	Charge for the year £'000	Utilised in year £'000	2019 £'000
Property provisions	7,152	383	-	7,535
Provision for annuities	2,100	252	(420)	1,932
Other provisions	2,312	988	(389)	2,911
	<u>11,564</u>	<u>1,623</u>	<u>(809)</u>	<u>12,378</u>

Property provisions

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

Annuities provision

The provision for annuities represents amounts payable to one former partner of Clyde & Co (2018: one former partner).

Other provisions

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

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Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

17. Pensions

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

	2019 £'000	2018 £'000
Net pension (liability)/asset		
Clyde & Co Pension Scheme	(2,170)	(890)
Beaumont and Son Pension Scheme	1,840	2,010
	(330)	1,120
Actuarial loss		
Clyde & Co Pension Scheme	(2,735)	(260)
Beaumont and Son Pension Scheme	(206)	(500)
	(2,941)	(760)

Clyde & Co Pension Scheme

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

The funding plan for the Scheme is to hold assets equal to the value of the benefits earned by members of the Scheme, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against the funding plan, then the LLP and Trustee agree on deficit contributions to make good the deficit over a period of time. As part of the latest triennial actuarial funding valuation, with an effective date of 5 April 2017, monthly deficit contributions of £235,000 payable from April 2014 to February 2018 (inclusive) were paid. Additional monthly deficit contributions were agreed to be payable from May 2018 to March 2023 (inclusive), starting at £145,000 per month and then increasing annually by £15,000 per month.

The results of the formal actuarial valuation as at 5 April 2017 have been updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows.

i) Key FRS102 assumptions:

	2019	2018
Salary growth	2.2% p.a.	1.9% p.a.
Pension increases - pre 1997 service	4.0% p.a.	4.0% p.a.
Pension increases - post 1997 service	4.3% p.a.	4.2% p.a.
Discount rate	2.6% p.a.	2.8% p.a.
Retail Price inflation	3.3% p.a.	3.0% p.a.
Consumer Price inflation	2.2% p.a.	1.9% p.a.

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 27.2 years (2018: 27.7 years). Allowance is made for future improvements in life expectancy. The mortality table adopted is the S2NA table multiplied by a factor of 90% to reflect the profile of the Scheme's membership, with future improvements in line with the CMI 2018 core projections with a long-term rate of improvement of 1.25% pa and a smoothing parameter of 7.5 for both males and females.

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

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (*continued*)

17. Pensions (*continued*)

ii) Asset distribution:

	2019 Fair value £'000
Equities	14,149
Diversified growth funds	21,593
Liability driven investments	8,196
Annuities	19,566
All other assets	1,196
 Fair value of assets	 64,700
 Present value of liabilities	 (66,870)
 Gross pension liability	 (2,170)

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

iii) Movement in net defined benefit liability:

	2019 £'000	2018 £'000
Opening net defined benefit liability	(890)	(2,940)
Net finance charge – see Note 17 (iv)	(300)	(40)
Employer contributions	1,755	2,350
Actuarial loss	(2,735)	(260)
Closing net defined benefit liability	(2,170)	(890)

Over the year to 30 April 2019, contributions by the Group of £1.8m (2018: £2.4m) were made to the Scheme.

iv) Amount included as net finance charge:

	2019 £'000	2018 £'000
Past service cost	(300)	-
Interest expense	-	(40)
Total operating charge	(300)	(40)

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (*continued*)

17. Pensions (*continued*)

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

	2019	2018
	£'000	£'000
Opening defined benefit obligation	(63,310)	(66,750)
Past Service cost	(300)	-
Interest on obligation	(1,740)	(1,800)
Actuarial (losses)/gains	(3,660)	300
Benefits paid	2,140	4,940
Closing defined benefit obligation	<u>(66,870)</u>	<u>(63,310)</u>

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

	2019	2018
	£'000	£'000
Opening fair value of the Scheme assets	62,420	63,810
Interest on Scheme assets	1,740	1,760
Actual return/(loss) less interest on Scheme assets	925	(560)
Contributions by the employer	1,755	2,350
Benefits paid	(2,140)	(4,940)
Closing fair value of Scheme assets	<u>64,700</u>	<u>62,420</u>

The actual return on the scheme's assets over the year was a gain of £2,660,000 (2018: £1,200,000).

Beaumont and Son Pension Scheme

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

The funding plan for the Scheme is to hold assets equal to the value of the benefits earned by members of the Scheme, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against the funding plan, then the LLP and Trustee agree on deficit contributions to make good the deficit over a period of time. As part of the latest triennial actuarial funding valuation, with an effective date of 31 December 2015, a lump sum of £83,000 was paid in December 2016, and ongoing monthly contributions of £3,000 were agreed to cover administration expenses.

The results of the formal actuarial valuation as at 31 December 2015 have been updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments, and changes in market conditions. The results, based on assumptions used for FRS102, are as follows.

Clyde & Co LLP

Notes forming part of the financial statements for the year ended 30 April 2019 (continued)

17. Pensions (continued)

i) Key FRS102 assumptions:

	2019	2018
Salary growth	n/a	n/a
Pension increases - pre 1997 service	2.4% p.a.	2.3% p.a.
Pension increases - post 1997 service	3.1% p.a.	2.9% p.a.
Discount rate	2.6% p.a.	2.8% p.a.
Retail Price inflation	3.3% p.a.	3.0% p.a.
Consumer Price inflation	2.2% p.a.	1.9% p.a.

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 60 would be expected to live for a further 27.2 years (2018: 27.7 years). Allowance is made for future improvements in life expectancy. The mortality table adopted is the S2NA table multiplied by a factor of 90% to reflect the profile of the Scheme's membership, with future improvements in line with the CMI 2013 core projections with a long-term rate of improvement of 1.25% pa and a smoothing parameter of 7.5 for both males and females.

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

ii) Asset distribution:

	2019
	Fair value £'000
Equities	947
Liability driven investments	2,233
Bonds	2,747
All other assets	1,613
	7,540
Fair value of assets	7,540
Present value of liabilities	(5,700)
	1,840
Gross pension asset	

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

iii) Movement in net defined benefit asset:

	2019	2018
	£'000	£'000
Opening net defined benefit asset	2,010	2,420
Net finance income – see Note 17 (iv)	-	50
Employer contributions	36	40
Actuarial loss	(206)	(500)
Closing net defined benefit asset	1,840	2,010

Over the year to 30 April 2019, contributions by the Group of £36,000 (2018: £40,000) were made to the Scheme.

Clyde & Co LLP

Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

17. Pensions (continued)

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

	2019 £'000	2018 £'000
Running costs paid by the Scheme	(60)	(20)
Interest income	60	70
Net finance income	<u>-</u>	<u>50</u>

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

	2019 £'000	2018 £'000
Opening defined benefit obligation	(5,410)	(5,510)
Interest on obligation	(150)	(150)
Actuarial (losses)/gains	(330)	110
Benefits paid	190	140
Closing defined benefit obligation	<u>(5,700)</u>	<u>(5,410)</u>

vi) Movement in fair value of Scheme assets:

	2019 £'000	2018 £'000
Opening fair value of the Scheme assets	7,420	7,930
Interest on Scheme assets	210	220
Actual return/(loss) less interest on Scheme assets	124	(610)
Running costs paid by the Scheme	(60)	(20)
Contributions by the employer	36	40
Benefits paid	(190)	(140)
Closing fair value of Scheme assets	<u>7,540</u>	<u>7,420</u>

The actual return on the scheme's assets over the year was a loss of £330,000 (2018: loss of £390,000).

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Notes forming part of the financial statements
for the year ended 30 April 2019 (continued)

18. Commitments under operating lease

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

	2019 £'000	2018 £'000
Not later than 1 year	32,407	27,102
Later than 1 year and not later than 5 years	85,310	72,221
Later than 5 years	62,067	69,155
	<u>179,784</u>	<u>168,478</u>

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

19. Related party disclosures

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

Key management personnel include all designated members and a number of senior members and senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £9,431,869 (2018: £9,370,445).

20. Bank guarantees

At 30 April 2019 the LLP has entered into nine bank guarantee contracts in relation to rent on nine properties, for Euro 143,467, US dollars 1,873,043, US dollars 150,000, US dollars 750,000, US dollars 275,000, AUD 2,906,757, AUD 416,637, AUD 711,298 and AUD 224,026. At year end exchange rates, this commitment amounts to £4,808,439 (2018: £4,855,932).