

Simmons & Simmons

Simmons & Simmons LLP

**Annual report and financial statements
for the year ended 30 April 2018**



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Members' report

The members present their annual report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 30 April 2018.

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 activities

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

Review of the business and future developments

The Group remained focused on providing legal services to four key industry sectors being - Asset Management & Investment Funds; Financial Institutions; Healthcare and Life Sciences; and Technology, Media and Telecommunications (including FinTech). Income from clients within these sectors represented over 75% of the Group's turnover.

Despite significant uncertainty in the Group's largest market, the UK, caused by the lack of progress in the Brexit negotiations, the Group's turnover for the year increased by a healthy 12% to £352m. This growth in income was experienced across all the regions in the Group (Asia, Europe and the Middle East) and across all disciplines including our online services such as navigator.

The Group continued to go against the underlying trend and expand rather than contract its partnership, attracting individuals and teams from other law firms to increase its current strengths in the four sectors and rebalance the Group in the light of Brexit. The members remain committed to building on our recognised strengths of dispute resolution, employment, regulation, capital markets and transaction management (both corporate and financial). During the period the Group increased the number of its legal practitioners (members, fee earners and other legal staff) by an average of 43 people or 4%.

The Group stepped up its investment in IT with a programme of updating and replacing both hardware and software throughout all its offices. The investment in people and IT were the main reasons that costs during the year ended 30 April 2018 were 11% higher than in the previous year.

The results for the year show an underlying increase in profit after tax of 17%, to £99m. The members regard this as a good result.

Members' report (continued)

The Group agreed a new five year business plan in April 2018 which continues to focus on the four industry sectors and the existing core strengths. Despite the uncertainty in the markets the members regard future prospects to be satisfactory.

Management structure

The firm is managed and governed by two primary governance bodies, the International Executive Committee (IEC) and the Board. The IEC advises and assists the Managing Partner in the day to day management of the firm, and has overall responsibility for achieving the firm's business and strategic objectives. The management of the firm and the execution of the firm's business and strategic interests are supervised by the Board representing the interests of the partnership.

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 2017, the following have been members of the IEC:

Jeremy Hoyland	Managing Partner (Designated Member)
Hans-Hermann Aldenhoff	
Jacques-Antoine Robert	
Jonathan Hammond	
Julian Taylor	
Kathryn Greaves	Finance Director
Mark Curtis	
Caroline Hunter-Yeats	

The Board comprises the Senior Partner, the Managing Partner, six elected members (three from the UK offices and three from other offices), the Finance Director and two non-executive members. Two of the elected members retire each year but are eligible for re-election.

The Board met nine times during the year. Since 1 May 2017, and except as indicated below, the following have been members of the Board:

Colin Passmore	Senior Partner (Designated Member)	
Jeremy Hoyland	Managing Partner	
Andrea Accornero		
Kathryn Greaves	Finance Director	
Christopher Horton		From 6 June 2017
Rodger Hughes	Non-executive	
Alyson Lockett		Until 30 April 2018
Fiona Loughrey		
Laurence Renard		From 6 June 2017
Leo Verhoeff		Until 31 May 2017
Patrick Wallace		Until 30 April 2018
Michael Woodford	Non-executive	

Members' report (continued)**Audit Committee**

The responsibilities of the committee include the review of the audited annual report and financial statements and consideration of aspects of strategic, people, marketplace, ethical, financial or legal and compliance risks as may be agreed with the Board. A considerable amount of the committee's time is devoted to internal controls, risk management and the review and approval 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 three 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 and distributions under circumstances where the cash requirements of the business need to take priority over the cash needs of the members.

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 after 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".

Members' report (continued)

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.

Reserves are made for individual members as regards taxation in respect of their profit share 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 their own pensions and paying for other benefits.

Drawings to members are provided by way of an advance on account of profit entitlement. As such drawings are made during the year before the profits for that year have been determined and allocated, by the year end the personal current accounts of such members 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, those current accounts are typically in surplus by the amount of the relevant members' 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 retentions from profit shares or other remuneration. 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, in tranches over a period of six years. 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. Members have recently agreed to an extension of this scheme determined by reference to a proportion of their profit share less amounts (if any) retained under the pre-existing scheme, subject to a maximum amount.

The LLP also has available overdraft and rent guarantee 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 (continued)

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. Simmons & Simmons was named in The Times Top 50 Employers for Women, named as a Top 30 Employer for Working Families and identified by Stonewall as both a Star Performer in the UK and a Top Global Employer.

Over the course of the year, 25 lateral partner hires joined the firm and 13 new partners, of whom one third were female, were promoted.

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
10 October 2018

Statement of members' responsibilities in respect of the financial statements

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and Limited Liability Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the Group and the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Group and LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to Limited Liability Partnerships by the Regulations.

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

Report on the audit of the financial statements

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 2018 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise:

- the consolidated and limited liability partnership balance sheets as at 30 April 2018;
- the consolidated profit and loss account, consolidated statement of comprehensive income, and consolidated cash flow statement;
- the consolidated and limited liability partnership statements of changes in members' interests for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern.

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

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities on page 6, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

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

Other required reporting

Companies Act 2006 exception reporting

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.



Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 October 2018

Consolidated profit and loss account

Year ended 30 April	Note	2018 £'000	2017 £'000
Turnover			
Revenue in respect of legal services		351,793	313,699
Expenses recharged		2,247	1,897
Other operating income		3,647	1,030
		<u>357,687</u>	<u>316,626</u>
Operating costs			
Staff costs	4	(143,621)	(130,451)
Depreciation, amortisation and impairment		(5,747)	(5,660)
Other operating expenses		(95,433)	(83,955)
		<u>(244,801)</u>	<u>(220,066)</u>
Operating profit		112,886	96,560
Interest receivable and similar income	5	83	84
Interest payable and similar charges	5	<u>(1,404)</u>	<u>(1,255)</u>
Profit on ordinary activities before taxation	3	111,565	95,389
Tax on profit on ordinary activities of the subsidiaries	7	<u>(1,336)</u>	<u>(1,068)</u>
Profit on ordinary activities before members' remuneration and profit shares		110,229	94,321
Members' remuneration charged as an expense		<u>(11,206)</u>	<u>(9,961)</u>
Profit for the financial year available for discretionary division among members		<u>99,023</u>	<u>84,360</u>

All amounts relate to continuing activities.

Consolidated statement of comprehensive income

Year ended 30 April	Note	2018 £'000	2017 £'000
Profit for the financial year available for discretionary division amongst members		99,023	84,360
Currency translations difference on foreign currency net investments		(256)	(655)
Remeasurement of net defined benefit liability	18	<u>2,516</u>	<u>(15,482)</u>
Other comprehensive income for the year, net of tax		<u>2,260</u>	<u>(16,137)</u>
Total comprehensive income available for discretionary division amongst members		<u>101,283</u>	<u>68,223</u>

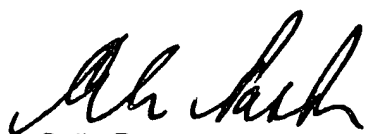
Consolidated balance sheet

At 30 April	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	8	7,597	10,017
Tangible assets	9	<u>10,513</u>	<u>10,745</u>
		<u>18,110</u>	<u>20,762</u>
Current assets			
Debtors	11	203,234	170,917
Cash at bank and in hand		<u>22,687</u>	<u>24,253</u>
		<u>225,921</u>	<u>195,170</u>
Creditors: amounts falling due within one year	12	<u>(66,978)</u>	<u>(62,348)</u>
Net current assets		<u>158,943</u>	<u>132,822</u>
Total assets less current liabilities		177,053	153,584
Creditors: amounts falling due after more than one year	13	(52,125)	(50,887)
Provisions for liabilities	14	(4,249)	(3,093)
Defined benefit pension liability	18	<u>(19,626)</u>	<u>(24,016)</u>
Net assets attributable to members		<u><u>101,053</u></u>	<u><u>75,588</u></u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		14,250	14,398
Members' other interests			
Currency translation reserve		1,399	1,655
Other reserves classified as equity		<u>85,404</u>	<u>59,535</u>
		<u><u>101,053</u></u>	<u><u>75,588</u></u>

Consolidated balance sheet

At 30 April	Note	2018 £'000	2017 £'000
Total members' interests			
Amounts due from members	11	(22,028)	(23,078)
Members' capital classified as a liability		14,250	14,398
Members' other interests		85,404	59,535
Currency translation reserve		<u>1,399</u>	<u>1,655</u>
		<u>79,025</u>	<u>52,510</u>

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 10 October 2018. They were signed on behalf of the members by:



Colin Passmore
Senior Partner



Jeremy Hoyland
Managing Partner



Kathryn Greaves
Finance Director

Limited Liability Partnership balance sheet

At 30 April	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	8	7,559	9,969
Tangible assets	9	<u>8,311</u>	<u>7,983</u>
		<u>15,870</u>	<u>17,952</u>
Current assets			
Debtors	11	242,662	223,334
Cash at bank and in hand		<u>15,652</u>	<u>17,600</u>
		<u>258,314</u>	<u>240,934</u>
Creditors: amounts falling due within one year	12	<u>(100,882)</u>	<u>(99,639)</u>
Net current assets		<u>157,432</u>	<u>141,295</u>
Total assets less current liabilities		173,302	159,247
Creditors: amounts falling due after more than one year	13	(52,125)	(50,887)
Provisions for liabilities	14	(3,458)	(2,524)
Defined benefit pension liability	18	<u>(19,626)</u>	<u>(24,016)</u>
Net assets attributable to members		<u>98,093</u>	<u>81,820</u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		14,250	14,459
Members' other interests			
Currency translation reserve		1,463	2,057
Other reserves classified as equity		<u>82,380</u>	<u>65,304</u>
		<u>98,093</u>	<u>81,820</u>

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 £99.2m (2017: £88.2m).

Limited Liability Partnership balance sheet

At 30 April	Note	2018 £'000	2017 £'000
Total members' interests			
Amounts due from members	11	(22,028)	(23,178)
Members' capital classified as a liability		14,250	14,459
Members' other interests		82,380	65,304
Currency translation reserve		1,463	2,057
		<u>76,065</u>	<u>58,642</u>

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 10 October 2018. They were signed on behalf of the members by:



Colin Passmore
Senior Partner



Jeremy Hoyland
Managing Partner



Kathryn Greaves
Finance Director

Consolidated statement of changes in members' interests

	<u>Loans and other debts due to/(from) members</u>		<u>Total £'000</u>	<u>Currency translation reserve £'000</u>	<u>Other reserves classified as equity £'000</u>	<u>Total members' interests £'000</u>
	<u>Members' capital classified as a liability £'000</u>	<u>Members' other amounts £'000</u>				
Members' interest at 1 May 2017	14,398	(23,078)	(8,680)	1,655	59,535	52,510
Members' remuneration charged as an expense	-	11,206	11,206	-	-	11,206
Profit for the financial year available for discretionary division among members	-	-	-	-	99,023	99,023
Currency translation difference on foreign currency net investments	-	-	-	(256)	-	(256)
Remeasurement of net defined benefit liability	-	-	-	-	2,516	2,516
Total comprehensive income available for discretionary division among members		11,206	11,206	(256)	101,539	112,489
Amounts transferred from creditors	-	5,036	5,036	-	-	5,036
Allocated profits in respect of the prior year	-	75,670	75,670	-	(75,670)	-
Tax paid on behalf of members	-	(41,689)	(41,689)	-	-	(41,689)
Drawings and distributions	-	(49,479)	(49,479)	-	-	(49,479)
Members' capital introduced	2,391	-	2,391	-	-	2,391
Capital repaid	(2,792)	-	(2,792)	-	-	(2,792)
Foreign currency capital revaluation	253	306	559	-	-	559
At 30 April 2018	14,250	(22,028)	(7,778)	1,399	85,404	79,025

Limited Liability Partnership statement of changes in members' interests

	<u>Loans and other debts due to/(from) members</u>					
	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 2017	14,459	(23,178)	(8,719)	2,057	65,304	58,642
Members' remuneration charged as an expense	-	11,206	11,206	-	-	11,206
Profit for the financial year available for discretionary division among members	-	-	-	-	99,172	99,172
Currency translation difference on foreign currency net investments	-	-	-	(594)	-	(594)
Remeasurement of net defined benefit liability	-	-	-	-	2,516	2,516
Total comprehensive income available for discretionary division among members	-	11,206	11,206	(594)	101,688	112,300
Amounts transferred from creditors	-	3,668	3,668	-	-	3,668
Allocated profits in respect of the prior year	-	77,037	77,037	-	(84,612)	(7,575)
Tax paid on behalf of members	-	(41,689)	(41,689)	-	-	(41,689)
Drawings and distributions	-	(49,361)	(49,361)	-	-	(49,361)
Members' capital introduced	2,332	-	2,332	-	-	2,332
Capital repaid	(2,792)	-	(2,792)	-	-	(2,792)
Foreign currency capital revaluation	251	289	540	-	-	540
At 30 April 2018	14,250	(22,028)	(7,778)	1,463	82,380	76,065

Consolidated cash flow statement

	Note	Group	
		2018	2017
		£'000	£'000
Net cash flows generated from operating activities	16	86,749	92,375
Cash flows used in investing activities			
Purchase of tangible assets		(2,869)	(4,635)
Disposal of tangible assets		139	124
Purchase of intangible assets		(186)	(1,405)
Interest received		83	84
Net cash flows used in investing activities		(2,833)	(5,832)
Cash flows used in financing activities			
Repayments of borrowings		1,531	9,150
Payments to or on behalf of the members		(85,828)	(86,006)
Repayments to former members		(401)	(1,271)
Interest paid		(817)	(902)
Net cash flows used in financing activities		(85,515)	(79,029)
Net (decrease)/increase in cash and cash equivalents		(1,599)	7,514
Cash and cash equivalents at beginning of year		24,052	15,239
Foreign exchange gains on cash and cash equivalents		234	1,299
Cash and cash equivalents at end of year		22,687	24,052
Cash at bank and in hand		22,687	24,253
Bank overdraft		-	(201)
Cash and cash equivalents		22,687	24,052

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) (LLP SORP).

For the purposes of the consolidated financial statements the results and financial position are expressed in pounds sterling which is the functional currency of the largest branch of the LLP, and the presentation currency for the consolidated financial statements. Transactions included in the financial statements of the Group are measured using the currency of the primary economic environment of each entity (the functional currency), and where the functional currency is not pounds sterling, those results 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 10 to 18 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 on 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 their 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 corporate subsidiaries.

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 following 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 sales taxes.

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

Significant 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 '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 accounting estimates in applying the Group's accounting policies

The following are the critical estimates 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. 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 to the financial statements for the net carrying amount of the Group's debtors and associated impairment provision.

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.

Notes to the financial statements

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

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation is stated after charging /(crediting):		
Depreciation of tangible assets	3,236	3,150
Amortisation of intangible assets	2,520	2,575
Loss/(Profit) on disposal of tangible assets	13	(13)
Operating lease rentals – land and buildings	19,391	18,977
Operating lease rentals – office equipment	525	535
Foreign exchange gain	(342)	(811)

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

	2018 £'000	2017 £'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP and the Group's consolidated financial statements	292	232
The audit of the LLP's subsidiaries	142	142
Total audit fees	<u>434</u>	<u>374</u>
Audit-related assurance services	76	67
Taxation services	148	110
Total non-audit fees	<u>224</u>	<u>177</u>
Total auditor's remuneration	<u><u>658</u></u>	<u><u>551</u></u>

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements

4. Staff costs

	Group		LLP	
	2018	2017	2018	2017
	No.	No.	No.	No.
Fee earners and other legal staff	833	809	598	578
Business support staff	574	557	454	432
Total staff	1,407	1,366	1,052	1,010

	Group		LLP	
Their aggregate remuneration comprised:	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Salaries including holiday pay and bonuses	124,667	116,236	81,750	73,761
Social security costs	15,387	11,716	14,715	11,037
Pension costs	3,567	2,499	3,145	2,082
	143,621	130,451	99,610	86,880

Pension costs only include those items within operating costs. Items reported elsewhere in the income statement have been excluded.

5. Finance costs

	2018	2017
	£'000	£'000
Interest receivable and similar income		
Bank interest receivable	81	84
Other interest receivable	2	-
	83	84
	2018	2017
Notes	£'000	£'000
Interest payable and other similar charges		
Bank loans and overdrafts	817	902
Net interest on defined benefit liabilities	18	353
	1,404	1,255

Notes to the financial statements

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' funds.

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 £1.5m (2017: £1.4m).

The average number of members during the year was 204 (2017:185).

Notes to the financial statements

7. Tax on profit on ordinary activities

	2018 £'000	2017 £'000
Taxation arises within the LLP and subsidiary undertakings of the Group and represents:		

Current tax on profit on ordinary activities

Foreign tax	1,344	1,068
Adjustments in respect of prior years		
Foreign tax	<u>(8)</u>	<u>-</u>
Total current tax charge and total tax on profit on ordinary activities	<u>1,336</u>	<u>1,068</u>

	2018 £'000	2017 £'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	111,565	95,389
Less profit subject to personal income tax	<u>(107,228)</u>	<u>(91,809)</u>
Profits subject to corporation tax	<u>4,337</u>	<u>3,580</u>

Tax on Group profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 20%)	824	716
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Effects of:

- Expenses not deductible for tax purposes	-	(51)
- Different tax rates and bases in other jurisdictions	520	403
- Prior year adjustment	<u>(8)</u>	<u>-</u>
Group total tax charge for year	<u>1,336</u>	<u>1,068</u>

Notes to the financial statements

8. Intangible assets

	<u>Group</u>	<u>LLP</u>
	Software £'000	Software £'000
Cost		
At 1 May 2017	20,906	20,841
Additions	186	183
Disposals	(475)	(475)
Exchange adjustment	6	1
At 30 April 2018	<u>20,623</u>	<u>20,550</u>
Accumulated amortisation		
At 1 May 2017	10,889	10,872
Charge for year	2,520	2,504
Disposals	(388)	(388)
Exchange adjustment	5	3
At 30 April 2018	<u>13,026</u>	<u>12,991</u>
Net book value		
At 30 April 2018	<u>7,597</u>	<u>7,559</u>
At 30 April 2017	<u>10,017</u>	<u>9,969</u>

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					
At 1 May 2017	40,804	11,266	9,091	18	61,179
Additions	1,195	899	775	-	2,869
Disposals	(229)	(285)	(2)	-	(516)
Exchange adjustment	108	154	(20)	1	243
At 30 April 2018	<u>41,878</u>	<u>12,034</u>	<u>9,844</u>	<u>19</u>	<u>63,775</u>
Accumulated depreciation					
At 1 May 2017	34,671	8,803	6,958	2	50,434
Charge for the year	1,642	677	917	-	3,236
Disposals	(229)	(222)	(1)	-	(452)
Exchange adjustment	(27)	94	(26)	3	44
At 30 April 2018	<u>36,057</u>	<u>9,352</u>	<u>7,848</u>	<u>5</u>	<u>53,262</u>
Net book value					
At 30 April 2018	<u>5,821</u>	<u>2,682</u>	<u>1,996</u>	<u>14</u>	<u>10,513</u>
At 30 April 2017	<u>6,133</u>	<u>2,463</u>	<u>2,133</u>	<u>16</u>	<u>10,745</u>
LLP					
Cost					
At 1 May 2017	33,332	7,842	7,674	18	48,866
Additions	1,223	798	710	-	2,731
Disposals	(229)	(270)	(2)	-	(501)
Exchange adjustment	302	124	8	1	435
At 30 April 2018	<u>34,628</u>	<u>8,494</u>	<u>8,390</u>	<u>19</u>	<u>51,531</u>
Accumulated depreciation					
At 1 May 2017	28,967	6,222	5,692	2	40,883
Charge for year	1,223	428	841	-	2,492
Disposals	(229)	(209)	(1)	-	(439)
Exchange adjustment	185	91	5	3	284
At 30 April 2018	<u>30,146</u>	<u>6,532</u>	<u>6,537</u>	<u>5</u>	<u>43,220</u>
Net book value					
At 30 April 2018	<u>4,482</u>	<u>1,962</u>	<u>1,853</u>	<u>14</u>	<u>8,311</u>
At 30 April 2017	<u>4,365</u>	<u>1,620</u>	<u>1,982</u>	<u>16</u>	<u>7,983</u>

No assets were held under finance leases by either the Group or the LLP (2017: £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 held
Simmons & Simmons Middle East LLP ¹	England & Wales	Legal services	-
Simmons & Simmons East Asia LLP ¹	England & Wales	Legal services	-
Simmons & Simmons Asia LLP ¹	England & Wales	Administrative services	-
Simmons & Simmons Luxembourg LLP ¹	England & Wales	Legal services	-
Simmons & Simmons Service Company Limited ¹	England & Wales	Dormant	100%
Sands Service Company (No 1) Limited ¹	England & Wales	Services	100%
elexica Limited ¹	England & Wales	Services	100%
SimmLaw Services Limited ¹	England & Wales	Services	100%
Simmons & Simmons (Middle East) Limited ¹	England & Wales	Dormant	100%
Simmons & Simmons (China) Limited ¹	England & Wales	Dormant	100%
Simmons & Simmons (Japan) Limited ¹	England & Wales	Dormant	100%
Simmons & Simmons (No. 1) Limited ¹	England & Wales	Dormant	100%
Simmons & Simmons (No. 2) Limited ¹	England & Wales	Dormant	100%
Simmons & Simmons CIS LLP ¹	England & Wales	Dormant	-
Simmons & Simmons IP LLP ¹	England & Wales	Legal services	100%
Simmons & Simmons ²	Hong Kong (SAR)	Legal services	100%
Beaufield Limited ²	Hong Kong (SAR)	Administrative services	100%
Simmons & Simmons Limited ²	Hong Kong (SAR)	Dormant	100%
Sands Secretaries Limited ²	Hong Kong (SAR)	Dormant	100%
Sands Agents Limited ²	Hong Kong (SAR)	Dormant	100%
Sands Nominees Limited ²	Hong Kong (SAR)	Dormant	100%
Simmons & Simmons (Beijing) Intellectual Property Agency Company Limited ³	China	Legal services	100%
Studio Legale associato in affiliation with Simmons & Simmons LLP ⁴	Italy	Legal services	-
Simmons & Simmons Gaikokuho Jimu Bengoshi Jimusho (Gaikokuko Joint Enterprise TMI associates) ⁵	Japan	Legal services	100%
Simmons & Simmons JWS Pte. Limited ⁶	Singapore	Legal services	50%
Simmons & Simmons ⁷	Ireland	Legal services	100%

Notes to the financial statements**10. Group investments (continued)****Registered Offices:**

- 1 CityPoint, One Ropemaker Street, London, EC2Y 9SS
- 2 13th floor, One Pacific Place, 88 Queensway, Hong Kong.
- 3 Room 14C & 15B, 33rd Floor, Building 1, 1 Jianguomenwai Avenue, Chaoyang District, Beijing.
- 4 Via Tommaso Grossi, 2, 20121 Milan.
- 5 23rd Floor, Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6123.
- 6 168 Robinson Road, #11-01, Capital Tower, Singapore 068912.
- 7 Fitzwilliam Hall, 25-27 Glandore Business Centres, Fitzwilliam Place, Dublin 2, Ireland.

The carrying amount of investments in subsidiaries and other investments is immaterial as at 30 April 2018 (2017: 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, Ireland, Italy, Japan, Luxembourg, the Netherlands, Qatar, Singapore, Spain, the United Arab Emirates and the United Kingdom.

Notes to the financial statements

11. Debtors

	Group		LLP	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Trade debtors	132,647	103,175	112,688	76,473
Unbilled revenue	28,420	23,536	23,111	17,177
Amounts owed by group undertakings	-	-	65,759	92,024
Amounts due from members	22,028	23,078	22,028	23,178
Other debtors	7,835	7,063	9,945	3,412
Prepayments and accrued income	10,154	11,903	9,131	10,938
Corporate income tax receivable	2,150	2,162	-	132
	<u>203,234</u>	<u>170,917</u>	<u>242,662</u>	<u>223,334</u>

Trade debtors are stated after provisions for impairment of £8.8m (2017: £9.2m). Amounts owed by group undertakings are non-interest bearing and repayable upon demand.

12. Creditors: amounts falling due within one year

	Group		LLP	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank overdraft (see note below)	-	201	-	201
Trade creditors	14,095	11,852	12,371	10,056
Amounts owed to group undertakings	-	-	55,741	57,988
Amounts due to partners	11,041	9,816	820	873
Other taxation and social security	11,635	9,523	8,960	6,781
Other creditors	4,476	4,936	1,252	2,769
Accruals and deferred income	25,731	26,020	21,462	20,971
Corporate income tax payable	-	-	276	-
	<u>66,978</u>	<u>62,348</u>	<u>100,882</u>	<u>99,639</u>

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 which exceed forecast borrowing requirements for the following 12 months.

Notes to the financial statements

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

The LLP uses a bank facility agreement of £50 million which comprises two multicurrency revolving facility agreements structured in the form of a joint loan. The facilities are available to be drawn down in a mix of currencies at any time, with the sterling equivalent determined by reference to bank-determined exchange rates in force at the mid-month date of draw-down. Interest is charged at the LIBOR rate plus an agreed margin. This arrangement is not required to be repaid until 31 October 2021 so is classified as a long term liability.

At 30 April 2018 the Sterling equivalent balance under the facility was £50.2 million (2017: £48.7 million), translated using the Group's closing exchange rates as at 30 April 2018.

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

	Group		LLP	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loan revolving facility (see note 12)	50,188	48,657	50,188	48,657
Accruals and deferred income	1,937	2,230	1,937	2,230
	<u>52,125</u>	<u>50,887</u>	<u>52,125</u>	<u>50,887</u>

14. Provisions for liabilities

	Property £'000	Other £'000	Total £'000
Group			
At 1 May 2017	2,547	546	3,093
Additions during the year	537	810	1,347
Amounts charged against the provision	-	(200)	(200)
Exchange difference	9	-	9
At 30 April 2018	<u>3,093</u>	<u>1,156</u>	<u>4,249</u>
LLP			
At 1 May 2017	1,978	546	2,524
Additions during the year	287	810	1,097
Amounts charged against the provision	-	(200)	(200)
Exchange difference	37	-	37
At 30 April 2018	<u>2,302</u>	<u>1,156</u>	<u>3,458</u>

Property

The provision for property is in respect of dilapidations and onerous leases. It is expected that most of this expenditure will be incurred more than one year after the balance sheet date.

Notes to the financial statements

15. Financial Instruments

	Group	
	2018	2017
	£'000	£'000
Financial assets		
<i>Instruments measured at amortised cost:</i>		
Trade debtors	132,647	103,175
Cash at bank and in hand	22,687	24,253
Amounts due from members	22,028	23,078
Unbilled revenue	28,420	23,536
Other debtors	7,836	7,063
	<u>213,618</u>	<u>181,105</u>

	Group	
	2018	2017
	£'000	£'000
Financial liabilities		
<i>Instruments measured at amortised cost:</i>		
Bank overdraft	-	(201)
Loans payable	(50,188)	(48,657)
<i>Measured at undiscounted amount payable:</i>		
Trade creditors	(14,095)	(11,852)
Amounts due to partners	(11,041)	(9,816)
Amounts due to other creditors	(5,286)	(4,936)
Accruals	(23,301)	(23,918)
	<u>(103,911)</u>	<u>(99,380)</u>

	Group	
	2018	2017
	£'000	£'000
Interest income and expense		
Total interest income from financial assets at amortised cost	83	84
Total interest expense on financial liabilities at amortised cost	(817)	(902)
	<u>(734)</u>	<u>(818)</u>

	Group		LLP	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans and overdrafts				
Between one and two years	-	-	-	-
Between two and five years	50,188	48,657	50,188	48,657
After five years	-	-	-	-
	<u>50,188</u>	<u>48,657</u>	<u>50,188</u>	<u>48,657</u>
Within one year	-	-	-	-
On demand	-	201	-	201
	<u>50,188</u>	<u>48,858</u>	<u>50,188</u>	<u>48,858</u>

Notes to the financial statements

16. Cash flow statement

	2018 £'000	2017 £'000
Profit for the financial year	99,023	84,360
Adjustments for:		
Members remuneration charged as an expense	11,206	9,961
Tax on profit on ordinary activities	1,336	1,068
Net interest expense	<u>1,320</u>	<u>1,171</u>
Operating profit	112,885	96,560
Profit on disposal of tangible assets	13	(9)
Depreciation and amortisation	5,747	5,673
Unwinding provisions	<u>(286)</u>	<u>(160)</u>
Operating cash flow before movement in working capital	<u>118,359</u>	<u>102,064</u>
Increase in accrued income	(4,705)	(5,393)
Increase in debtors	(28,381)	(4,196)
Increase in creditors	5,443	7,337
Contributions to defined benefit pension scheme in excess of profit and loss charge	(2,514)	(2,405)
Exchange differences on translation	<u>(495)</u>	<u>(5,129)</u>
	<u>(30,652)</u>	<u>(9,786)</u>
Cash flows generated from operating activities	87,707	92,278
Income taxes paid	<u>(958)</u>	<u>97</u>
Net cash generated from operating activities	<u>86,749</u>	<u>92,375</u>

Notes to the financial statements

17. Financial commitments

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

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
- within one year	19,441	864	18,960	713
- between one and five years	57,061	1,431	52,995	1,072
- after five years	28,389	52	30,452	55
	<u>104,891</u>	<u>2,347</u>	<u>102,407</u>	<u>1,840</u>
LLP				
- within one year	13,845	836	12,756	660
- between one and five years	43,886	1,406	43,519	1,030
- after five years	19,687	52	28,516	55
	<u>77,418</u>	<u>2,294</u>	<u>84,791</u>	<u>1,745</u>

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 2018 was £3.6m (2017: £3.3m).

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 from 1 May 2011. The defined benefit scheme plan in The Netherlands, which is provided by an insurance company called Zwitserleven, was closed to future accrual with effect from 31 December 2017.

The net liability relating to these plans recognised on the Group and LLP balance sheets is as follows:

	2018 £'000	2017 £'000
Defined benefit plan – UK	(18,340)	(22,808)
Defined benefit plan – The Netherlands	(1,286)	(1,208)
Net defined benefit pension liability recognised in the balance sheet	<u>(19,626)</u>	<u>(24,016)</u>

Notes to the financial statements

18. Employee benefits (continued)

The total amounts recognised in the profit and loss account are:

	2018 £'000	2017 £'000
Net interest expense on UK net defined benefit liabilities	560	346
Net interest expense on The Netherlands net defined benefit liability	27	7
Net interest expense on net defined benefit liability	<u>587</u>	<u>353</u>

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

	2018 £'000	2017 £'000
Remeasurement of UK net defined benefit liability gain/(loss)	2,514	(14,272)
Remeasurement of The Netherlands net defined benefit liability gain/(loss)	2	(1,210)
Remeasurement of net defined benefit liability gain/(loss)	<u>2,516</u>	<u>(15,482)</u>

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 2018 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 2017 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

Under a funding schedule agreed with the scheme trustees, the LLP will make payments as shown in the table below:

Financial year ended 30 April	Contributions £m
2019	2.5
2020	2.5 + RPI (capped at 3%)
2021 onwards	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	
	2018	2017
Discount rate	2.7%	2.6%
Future salary increases	3.0%	3.0%
Inflation (RPI)	3.2%	3.4%
Inflation (CPI)	2.2%	2.4%

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	
	2018	2017
Retiring today:		
Males	22.8	22.8
Females	25.3	25.3
Retiring in 20 years:		
Males	24.5	24.5
Females	27.2	27.2

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

	2018	2017
	£'000	£'000
Interest on assets	1,856	2,289
Interest on liabilities	(2,416)	(2,635)
Net interest on defined benefit pension scheme	<u>(560)</u>	<u>(346)</u>

Amounts recognised in Other Comprehensive Income are as follows:

	2018	2017
	£'000	£'000
(Loss)/gain on scheme assets in excess of interest	(1,471)	7,122
Actuarial (losses)/gains from changes to demographic assumptions	(117)	1,568
Actuarial gains/(losses) from changes to financial assumptions	4,102	(22,962)
	<u>2,514</u>	<u>(14,272)</u>

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:

	2018 £'000	2017 £'000
Fair value of assets	71,924	71,198
Present value of defined benefit obligations	<u>(90,264)</u>	<u>(94,006)</u>
	<u>(18,340)</u>	<u>(22,808)</u>

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

	2018 £'000	2017 £'000
At 1 May	71,198	61,939
Interest on assets	1,856	2,289
Gain / (loss) on scheme assets in excess of interest	(1,471)	7,122
Contributions from the employer	2,514	2,314
Benefits paid	<u>(2,173)</u>	<u>(2,466)</u>
At 30 April	<u>71,924</u>	<u>71,198</u>

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

	2018 £'000	2017 £'000
At 1 May	(94,006)	(72,443)
Interest cost	(2,416)	(2,635)
Actuarial gains from changes to demographic assumptions	(117)	1,568
Actuarial (losses) / gains from changes to financial assumptions	4,102	(22,962)
Benefits paid	2,173	2,466
At 30 April	<u>(90,264)</u>	<u>(94,006)</u>

The actual return on scheme assets for the year ended 30 April 2018 was a gain of £385,000 (2017: gain of £9.4 million).

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

	Fair value of assets	
	2018 £'000	2017 £'000
Equity instruments	13,456	12,607
Debt instruments	24,862	25,151
Diversified growth funds	33,287	33,308
Cash	319	132
At 30 April	<u>71,924</u>	<u>71,198</u>

Notes to the financial statements**19. Controlling party**

The LLP is controlled by its members and as such there is no single 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 amounts to £11.1m (2017: £8.7m).

The Senior Partner and 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.