Linklaters Business Services

Annual Report and Financial Statements for the year ended 30 April 2023

Company Registration No. 00633907

Financial Statements

Directors		
	....	A I Comiskey
	....	C J Holt
	....	P G Lewis
	....	A Ogilvie
Company Secretary	....	Hackwood Secretaries Limited
Registered Office	....	One Silk Street London, EC2Y 8HQ
Bankers	....	Barclays Bank PLC 1 Churchill Place London, E14 5HP
Independent auditors	....	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London, WC2N 6RH

The directors of the Company (the "Directors"), in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Business review and principal activities

Linklaters Business Services ("the Company") is an unlimited private company. The Company is an indirectly wholly owned subsidiary of Linklaters LLP, to which the Company supplies staff and services. In this report and financial statements, "Group" means Linklaters LLP and all entities controlled by it which may be branches, partnerships or separate corporate entities. The Company is domiciled in the United Kingdom and was incorporated in England and Wales.

In consideration of the services rendered by the Company to Linklaters LLP, Linklaters LLP pays the Company a service fee, which is an amount equal to the operating and finance expenses of the Company increased by 4%.

The service fee received represents the turnover of the Company. As shown in the Company's statement of profit or loss on page 13, turnover has increased by £47.4m to £438.1m whilst profit before tax has increased by £1.8m to £15.9m. The increase in turnover is mainly the result of an increase in the cost base of the Company year on year.

The Company is the sole shareholder of Linklaters Re:link Limited ("Re:Link"), a private company limited by shares, registered in England and Wales. Re:Link was incorporated in the UK and commenced services on the 20 December 2019. Re:Link provides contract lawyers to both Linklaters LLP and its clients. In consideration of the services rendered by Re:Link to the Company, the Company pays Re:Link a service fee, which is an amount equal to the operating expenses of Re:Link increased by 4%.

The statement of financial position on pages 14 to 15 of the financial statements shows that the Company's net assets have increased by £11.6m to £210.7m. The increase is mainly due to increase in our trade receivables and amounts due from Linklaters LLP (note 12) offset with a decrease in provisions (note 16 and14 respectively). Details of amounts owed from its parent are shown in note 12 on page 30.

Given that the Company is engaged solely in the supply of staff and services, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. Given that the Company is engaged solely in the supply of staff and services, the Directors believe that further analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business, as the Company is managed as part of the Group.

Future Prospects

The Directors consider the results for the year to be satisfactory and are confident of the Company's future prospects based on the Group's commitment to use this Company.

Statement on section 172 of the Companies Act 2006

The Directors of the Company (some of which are members of Linklaters LLP, the parent entity of the Linklaters group) are responsible for the day to day oversight of the Company and for any material decisions made. The Directors continue to drive the Company's strategy as outlined in this Strategic Report, as well as the Company's relationships with all external stakeholders. Accordingly, the Directors have the ability to manage Linklaters Business Services for its long term success. Other aspects of s172 which the Directors have regard to when performing their duties are covered within this Strategic Report and the Report of the Directors.

DocuSigned by:
Paul Newcombe
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By order of the Board

Hackwood Secretaries Limited
Company Secretary

23 October 2023

Financial Statements

The Directors present their annual report and the audited financial statements of Linklaters Business Services (the "Company") for the year ended 30 April 2023. Future prospects of the Company have been disclosed in the Strategic Report on page 3 of these financial statements.

Results and dividends

The profit for the financial year amounted to £11.7m (2022: £11.5m). No dividends were declared or paid during the year (2022: £nil). No dividends were proposed before the approval of the financial statements.

Directors

The present membership of the Board is set out on page 2. The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated were as follows:

Mr M J Bennett	resigned 31 October 2022
Ms A I Comiskey	
Mr C J Holt	
Mr P G Lewis	
Ms A L Ogilvie	
Mr M S Peers	resigned 31 January 2023

Ms A I Comiskey and Mr P G Lewis are members of Linklaters LLP, the ultimate controlling party of Linklaters Business Services.

Employee related matters

Employee involvement

Throughout the year, the Company has provided employees on a regular basis with information on matters of concern to them as employees. The Company regularly asks for feedback and provides employees with the opportunity to be consulted in order that their views can be taken into account in making decisions which would affect their interests. In addition, the Company regularly seeks out the views of our people through local discussion groups and global engagement surveys.

Disabled persons

Throughout the year, the policy of the Company has been to give full and fair consideration to the employment of applicants who are disabled persons with suitable aptitudes and abilities, to retain in employment, where reasonable, employees becoming disabled and to have fair regard to the training needs and career development and promotion potential of disabled persons in its employment.

Diversity and Inclusion

As a responsible business, it is important that we represent the diversity of our people, our clients and our communities. We know that diversity makes us a better business and helps us attract the best talent, drive innovation with diversity of thought, and deliver the best experience to everyone who comes into contact with us. The Company recruits on the basis of merit, irrespective of age, disability, gender, gender identity, race or ethnicity, marital status, religion, sex, sexual orientation or any other status protected by the laws or regulations in the locations where it operates. It is important to the Company that it creates an inclusive culture in which everyone - regardless of background, identity and circumstance - can reach their full potential.

Existence of branches outside of the UK

The Company does not have any branches (as defined in Section 1046(3) of the Companies Act 2005) outside of the UK.

Going concern

After making adequate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concem basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management

The Company has no significant receivable balances except for those amounts due from the controlling entity, Linklaters LLP. As such, the Directors do not consider that the Company is exposed to any significant credit risk.

The Company has no significant borrowings and its funding requirements are supported by Linklaters LLP and, therefore, the Directors do not consider that the Company is exposed to interest rate, liquidity or cash flow risk.

Independent auditors and Statement of Disclosure of information to auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and in accordance with Section 487 of the Companies Act 2006 they are deemed reappointed as independent auditors in the absence of an AGM.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

DocuSigned by:

Paul Newcombe

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By order of the Board

Hackwood Secretaries Limited
Company Secretary

23 October 2023

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 Company will continue in business.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Linklaters Business Services

Report on the audit of the financial statements

Opinion

In our opinion, Linklaters Business Services's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 April 2023; the Statement of Profit or Loss, Statement of Comprehensive Income and Statement of Changes in Equity 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 company 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 Directors 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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the Directors 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 directors 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 Directors are responsible for assessing the company'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 Directors either intend to liquidate the company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to HR legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial information. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Enquiry of management and those charged with governance around any instances of non-compliance with laws and regulations;
- Testing unusual or unexpected journal entries;
- Challenging assumptions and judgements made by management in respect of significant accounting estimates; and
- Reviewing financial statement disclosures to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the 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
23 October 2023

Statement of Profit or Loss

Note		For the year ended 30 April 2023 £'000	For the year ended 30 April 2022 £'000
2	Turnover	**438,149**	390,782
3	Net operating expenses	**(420,221)**	(374,232)
	Operating profit	**17,928**	16,550
7	Finance expense	**(1,983)**	(2,451)
	Profit before taxation	**15,945**	14,099
8	Tax on profit	**(4,282)**	(2,617)
	Profit for the financial year	**11,663**	11,482

Turnover and profit before taxation were exclusively generated from continuing operations in the United Kingdom from the main operating activity, providing services to the controlling entity, Linklaters LLP.

Statement of Comprehensive Income

	For the year ended 30 April 2023 £'000	For the year ended 30 April 2022 £'000
Profit for the financial year	**11,663**	11,482
Other comprehensive income / (expense):		
Items that will not be reclassified to profit or loss:		
Net actuarial (loss)/gain on post-retirement healthcare schemes (net of deferred tax)	**(34)**	60
Total comprehensive income for the year	**11,629**	11,542

Statement of Financial Position

Note		As at 30 April 2023 £'000	As at 30 April 2022 £'000 Restated
	Assets		
	Non-current assets		
10	Intangible assets	**10,810**	9,856
9	Property, plant and equipment	**24,933**	23,836
16	Right of use assets	**53,761**	75,486
11	Deferred tax asset	**1,498**	2,941
		91,002	112,119
	Current assets		
12	Trade and other receivables	**259,251**	236,659
	Cash at bank and in hand	-	4,303
		259,251	263,144
	Total assets	**350,253**	353,081
	Liabilities		
	Current liabilities		
13	Trade and other payables	**(62,493)**	(52,387)
14	Provisions for liabilities	**(11,555)**	(16,349)
16	Lease liabilities	**(20,628)**	(20,370)
		(94,676)	(89,106)
	Non-current liabilities		
18	Healthcare scheme deficit	**(107)**	(107)
16	Lease liabilities	**(44,739)**	(64,766)
		(44,846)	(64,873)
	Total liabilities	**(139,522)**	(153,979)
	Net assets	**210,731**	199,102
	Capital and reserves		
15	Called up share capital	**110**	110
	Retained earnings	**210,621**	198,992
	Total Shareholders' funds	**210,731**	199,102

The financial statements on pages 13 to 39 of Linklaters Business Services, registered number 00633907, were approved by the Board of Directors and authorised for issue on 23 October 2023 and signed on their behalf by:

DocuSigned by:	DocuSigned by:
Paul Lewis	C/Holt
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P G Lewis	C J Holt
Director	Director

Statement of Changes in Equity

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 01 May 2021	110	187,450	187,560
Profit for the year	-	11,482	11,482
Other comprehensive income for the year	-	60	60
Total comprehensive income for the year	-	**11,542**	**11,542**
Balance at 30 April 2022	**110**	**198,992**	**199,102**
Profit for the year	-	11,663	11,663
Other comprehensive expense for the year	-	(34)	(34)
Total comprehensive income for the year	-	11,629	11,629
Balance at 30 April 2023	**110**	**210,621**	**210,731**

1 General Information and Statement of accounting policies

The Company is an unlimited private company and is an indirectly wholly owned subsidiary of Linklaters LLP, to which the Company supplies staff and services. The Company's principal place of business and registered address is One Silk Street, London, EC2Y 8HQ. The Company is domiciled in the United Kingdom and was incorporated in England and Wales.

The financial statements are prepared in accordance with applicable law and accounting standards in the United Kingdom. The particular accounting policies adopted are described below and have been applied consistently in both the current and preceding years.

1.1 Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) "Reduced Disclosure Framework" issued by the Financial Reporting Council.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirements of paragraph 40A of IAS 1

1 General Information and Statement of accounting policies (cont.)

1.2 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements.

The key estimate relates to the value of provision for rates on vacant property. Further detail is set out in the relevant note to the financial statements. Management will continue to review the provision and adjustments will be made in future periods if appropriate.

1.3 Turnover

Turnover represents the value of services provided to Linklaters LLP, is stated net of Value Added Tax and is recognised when the service is performed. All services are performed in the UK.

1.4 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors and the Strategic Report.

The Company's revenue and a substantial proportion of the Company's current assets are represented by service fees payable by Linklaters LLP. Future service fees are secured under a long-term agreement with Linklaters LLP. After making enquiries, including consideration of the position and performance of Linklaters LLP, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.5 Cash flow statement

The Company is an indirectly wholly owned subsidiary of Linklaters LLP and is included in the consolidated financial statements of Linklaters LLP, which are made publicly available at One Silk Street, London EC2Y 8HQ. Consequently, as permitted by FRS 101, the Company has taken advantage of the disclosure exemptions under that standard and has not prepared a cashflow statement. Where relevant, equivalent disclosures have been given in the group financial statements of Linklaters LLP.

1 General Information and Statement of accounting policies (cont.)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment and are depreciated at rates calculated to write off their cost in equal annual instalments over the estimated useful economic lives, as follows:

(i) **Property**

Freehold property		
- commercial		4% pa
- residential		2% pa
Leasehold property		
- commercial	over the term of the lease or if greater	4% pa
- residential	over the term of the lease or if greater	2% pa
Improvements to property		
- commercial	over the term of the lease or if greater	10% pa
- residential	over the term of the lease or if greater	10% pa

(ii) **Plant and equipment**

Furniture, canteen equipment and pictures	20% pa
Computers and ancillary equipment, including operating software	$33^1/_3$% pa
Other plant and equipment	20% pa

(iii) **Software**

Computer software comprises operating software.

Operating software comprises computer programmes essential to the operation of a computer system. Operating software acquired as an integral part of the related hardware is depreciated over the same period as that hardware. Expenditure on operating software which is subject to periodic licence payments is written off to the statement of profit or loss in the year in which the expenditure is incurred.

1.7 Intangible assets

Intangible assets comprise applications software which performs the business function required by computer users. Applications software is amortised to the statement of profit or loss over its expected economic life, not exceeding a period of three years, except for SAP applications software which is depreciated over five years.

General Information and Statement of accounting policies (cont.)

1.8 Leases

The Company leases various properties (office buildings), telecommunications equipment and EV cars. Leases are negotiated on individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Rental contracts are typically made for fixed periods of between 1 and 25 years but may have extension or break options. Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contracts to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants, other than the security interests in the leased asset that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Company does not provide any residual value guarantees in relation to any leases.

At the commencement date assets and liabilities are measured on a present value basis. Lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company starts with the base rate of the currency in which the lease is contracted, adjusted for a lending margin and specific adjustments in relation to the individual lease, for example term, country and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed using the incremental borrowing rate at the commencement of the lease and adjusted against the right-of-use asset. The carrying amount of liability is also remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments using the incremental borrowing rate at the time of the modification.

The future cash outflows to which the Company as a lessee is potentially exposed that are not reflected in the measurement of the lease liability arise from extension and termination options, in addition to new leases committed to but not yet commenced.

1 General Information and Statement of accounting policies (cont.)

1.8 Leases (cont.)

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses. Further there is an adjustment made for the remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with all short-term leases and leases of all low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit or Loss, as permitted by the exemptions for these leases under IFRS 16. Short-term leases are leases with a lease term of 12 months or less. Amounts recognised in the Statement of Profit or Loss included £150k (2022: £1,068k) in respect of short-term leases and £29k (2022: £27k) in respect of low-value assets.

A small amount of space within some of the Company's leased offices is sub-let. Where the amount of space sub-let is material to the main lease area and/or the sub-lease value is material to the main lease value then the sub-lease is classified as a finance lease and the value of the sub-lease is de-recognised from the group's right-of-use asset and a lease receivable is recognised.

The lease receivable is discounted at the same incremental borrowing rate as that used for the head lease (adjusted for the sub lease duration if shorter than the head lease). The lease liability remains in place. If the lease receivable on the sub lease is lower than the declassified right-of-use asset, then there results in a charge to the Statement of Profit or Loss.

The Company's current sub-leases are not material to the underlying leases.

The Company has also applied IFRS 16 to a lease on which the Company acts as sub-lessor in relation to part of its office space, to a third party outside the Linklaters Group. This is not considered material to the main lease and continues to be recognised as an operating lease and the rental income continues to be recognised in the Statement of Profit or Loss over the term of the sub-lease.

Where the sub-lease is not material to the Company's main lease, the sub-lease is classified as an operating lease. The Company continues to recognise a right-of-use asset for the sub leased space and revenue from the sub-lease is recognised in the Statement of Profit or Loss over the term of the lease.

1 General Information and Statement of accounting policies (cont.)

1.9 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 statement of financial position date are reported at the rates of exchange prevailing at that date.

For branches with currencies other than Sterling, the Statement of Profit or Loss is translated to Sterling at the average rate of exchange. Financial Position items are translated at the closing rate of exchange. Any exchange gains and losses resulting from the translation of foreign branches are recorded in Other Comprehensive Income.

1.10 Taxation

Current tax

Current 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 statement of financial position date.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.11 Provisions

A provision is recognised in the statement of financial position when there is a present obligation as a result of a past event and it is probable that Linklaters Business Services will be required to settle the obligation. Provisions are estimated by management and are discounted to the present value of the obligation where material.

1.12 Pension costs and post-retirement costs other than pensions

Amounts charged to operating profit with respect to the defined benefit pension scheme and the post-retirement healthcare scheme are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of profit or loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

1 General Information and Statement of accounting policies (cont.)

1.13 Pension costs and post-retirement costs other than pensions (cont.)

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Company, 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 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 statement of financial position date.

For defined contribution schemes the amount charged to the statement of profit or loss in respect of pension costs is the contributions payable in the year. Differences between pension contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Under the terms of the pension scheme trust, the Company is judged to not hold the unconditional right to any remaining assets upon closure of the scheme and accordingly a £nil pension scheme position has been included in the statement of financial position.

2 Turnover

The analysis of turnover for the Company by geographical area is as follows:

	2023 £'000	2022 £'000
United Kingdom	**438,149**	390,782
	438,149	390,782

3 Net operating expenses

	2023 £'000	2022 £'000
Staff costs (note 5)	**280,691**	247,511
Net foreign exchange (gains)/losses	**(46)**	32
Depreciation and amortisation (notes 9,10 and 16)	**33,426**	31,820
Other costs and overhead expenses	**106,150**	94,869
	420,221	374,232

4 Analysis of auditors' remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**51**	47
Total fee for audit services	**51**	47
Other services relating to taxation	**-**	329
Other services	**445**	79
Total fee for non-audit services	**445**	408

The Directors of the Company consider the ratio of audit to non-audit service fees in the context of the overall audit and non-audit service fees for the Linklaters LLP group.

5 Staff costs (including Directors)

	2023 £'000	2022 £'000
Wages and salaries	**234,707**	208,075
Social security costs	**32,618**	27,302
Other pensions costs	**13,366**	12,134
Total staff costs	**280,691**	247,511

Average monthly number of persons employed in the year:	**No.**	No.
Fee earners	**1,037**	977
Business teams staff	**950**	920
	1,987	1,897

In addition, ex gratia payments of £2.4m (2022: £1.1m) were made in the year.

6 Directors' remuneration

	2023 £'000	2022 £'000
Emoluments	**1,824**	2,547
Contributions to defined contribution pension schemes	**81**	64
Directors' remuneration (including pension contributions)	**1,905**	2,611

Three Directors were members of a defined contribution pension scheme (2022: three). The highest paid Director received aggregate emoluments (excluding pension contributions) of £826,320 (2022: £1,197,938) and had no pension benefits accruing (2022: no pension benefits accruing).

The above payments relate to qualifying services performed by the Directors in respect to the Company and to the entities within the Group headed by Linklaters LLP. It is considered impractical to apportion payments to the Company.

7 Finance expense

	2023 £'000	2022 £'000
Finance expense		
Interest expense on lease liabilities (note 16)	**1,979**	2,447
Interest expense on healthcare scheme deficit	**4**	4
	1,983	2,451

8 Tax on profit

(i) Analysis of tax charge	2023 £'000	2022 £'000
Current tax:		
UK corporation tax charge	**(3,000)**	(1,620)
Adjustments in respect of prior years	**161**	(51)
Total current tax	**(2,839)**	(1,671)
Deferred tax:		
Origination and reversal of timing difference	**(1,136)**	(988)
Adjustments in respect of prior years	**(307)**	42
Total deferred tax (note 11)	**(1,443)**	(946)
	(4,282)	(2,617)

8 Tax on profit (cont.)

(ii) Factors affecting total tax charge for the current year	**2023**	2022
	£'000	£'000
Profit before taxation	**15,945**	14,099
Tax on profit before taxation at standard rate		
of 19.5% (2022: 19%)	**(3,108)**	(2,678)
Expenses not deductible for tax purposes	**(1,027)**	70
Adjustment to tax charge in respect of prior years	**(147)**	(9)
Total tax charge for the year	**(4,282)**	(2,617)

9 Property, plant and equipment

	Freehold, leasehold improvements	Leasehold improvements under construction	Plant & equipment	Plant & equipment under construction	Operating systems software	Operating systems under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
At 1 May 2021	**130,695**	**4,380**	**90,161**	**1,047**	**1,312**	**35**	**227,630**
Additions in the year	3,122	2,848	3,017	-	29	600	9,616
Transfers from assets under construction	2,048	(2,048)	1,047	(1,047)	-	-	-
At 30 April 2022	**135,865**	**5,180**	**94,225**	**-**	**1,341**	**635**	**237,246**
Additions in the year	257	4,592	3,445	-	-	372	8,666
Transfers from assets under construction	-	-	-	-	600	(600)	(0)
At 30 April 2023	**136,122**	**9,772**	**97,670**	**-**	**1,941**	**407**	**245,912**
Accumulated depreciation:							
At 1 May 2021	**123,705**	**-**	**82,421**	-	**498**	**-**	**206,624**
Charge for the year	2,469	-	4,015	-	302	-	6,786
At 30 April 2022	**126,174**	**-**	**86,436**	**-**	**800**	**-**	**213,410**
Charge for the year	2,767	-	4,431	-	370	-	7,568
At 30 April 2023	**128,941**	**-**	**90,867**	-	**1,170**	**-**	**220,978**
Net book value:							
At 30 April 2023	**7,181**	**9,772**	**6,803**	**-**	**770**	**407**	**24,933**
At 30 April 2022	**9,691**	**5,180**	**7,789**	**-**	**541**	**635**	**23,836**

10 Intangible assets

	Applications software £'000	Applications software under construction £'000	Total £'000
Cost:			
At 1 May 2021	**99,674**	**1,330**	**101,004**
Additions in the year	1,226	2,732	3,958
Transfers from assets under construction	59	(59)	-
At 30 April 2022	**100,959**	**4,003**	**104,962**
Additions in the year	1,127	3,285	4,412
Transfers from assets under construction	1,367	(1,367)	-
At 30 April 2023	**103,453**	**5,921**	**109,374**
Accumulated depreciation:			
At 1 May 2021	**91,637**	-	**91,637**
Charge for the year	3,469	-	3,469
At 30 April 2022	**95,106**	-	**95,106**
Charge for the year	3,459	-	3,459
At 30 April 2023	**98,565**	-	**98,565**
Net book value:			
At 30 April 2023	**4,888**	**5,921**	**10,810**
At 30 April 2022	**5,853**	**4,003**	**9,856**

11 Deferred tax asset

	2023 £'000	2022 £'000
Analysis of deferred tax balance:		
Capital allowances less than depreciation	**1,455**	2,888
Short-term timing differences	**43**	53
Deferred tax asset	**1,498**	2,941

	2023 £'000	2022 £'000
Reconciliation between the opening and closing deferred tax balances:		
Opening deferred tax asset	**2,941**	3,887
Amounts charged to the statement of profit or loss (note 8)	**(1,443)**	(946)
Closing deferred tax asset	**1,498**	2,941

12 Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from Linklaters LLP	**236,561**	214,481
VAT	**5,612**	5,461
Other debtors	**2,178**	2,881
Corporation tax	**388**	326
Prepayments and accrued income	**14,512**	13,510
	259,251	236,659

The balances due from other group undertakings and from Linklaters LLP are non-interest bearing and repayable within 90 days.

13 *Trade and other payables*

	2023	2022
	£'000	£'000
Bank overdrafts	**850**	-
Trade creditors	**3,805**	3,600
Other taxes and social security	**10,550**	9,557
Accruals and deferred income	**47,288**	39,230
	62,493	52,387

14 Provisions for liabilities

	Holiday pay provision	Property	Total
	£'000	£'000	£'000
At 1 May 2022	4,144	12,205	16,349
Charge	4,650	-	4,650
Release	-	(5,300)	(5,300)
Utilisation	(4,144)	-	(4,144)
At 30 April 2023	**4,650**	**6,905**	**11,555**

The Company permits reasonable unused holiday entitlements to be carried forward to future periods for settlement either by holiday taken, or, exceptionally, a cash payment in lieu. A best estimate of the cost of this unused holiday entitlement as at 30 April 2023 has been provided for. It is expected that all will be incurred in the next financial year.

The property provision comprises two elements. The first, £6,200k, relates to cost of rates to be incurred on a property as the Company expects to exit the lease early. The provision has been calculated based on the cost of rates to be incurred in the year from the expected exit date to the lease end date as per the lease contract. The provision has reduced by £5,300k in the year, based on external expert advice. The second, £705k relates to dilapidation costs to be incurred on property with a future lease end date.

15 Called up share capital

	2023 £'000	2022 £'000
Authorised, issued, called up and fully paid:		
11,000,000 (2022: 11,000,000) ordinary shares of 1p each	**110**	110

16 Leases

The Company adopted IFRS 16 starting 1 May 2019 using the modified retrospective transition option.

The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the Statement of Financial Position related to leases:

Right-of-use assets	2023 £'000	2022 (Restated*) £'000
Property	**50,017**	69,462
Cars	**606**	-
Technology	**3,138**	6,024
	53,761	75,486

Additions to the right-of-use assets during the year ended 30 April 2023 were £0.6m.

*The balance sheet for the year ended 30 April 2022 has been restated to recognise all right-of-use assets as non-current. For the year ended 30 April 2022, £22.1m of right-of-use assets were incorrectly included in the current asset category.

Lease liabilities	2023 £'000	2022 £'000
Current	**20,628**	20,370
Non-current	**44,739**	64,766
	65,367	85,136

Future minimum lease payments as at 30 April are as follows:

	Property 2023 £'000	Cars 2023 £'000	Technology 2023 £'000	Total 2023 £'000	Total 2022 £'000
Due within 1 year	19,410	207	2,468	**22,085**	22,348
Between one to five	44,226	458	583	**45,267**	66,425
After five years	853	-	-	**853**	1,116
	64,489	**665**	**3,051**	**68,205**	89,889

16 Leases (cont.)

Amounts recognised in the consolidated Statement of Profit or Loss related to leases:

	2023	2022
Depreciation charge of right-of-use assets	**£'000**	**£'000**
Property	**19,444**	19,437
Technology	**2,886**	2,128
Cars	**69**	-
	22,399	21,565

	2023	2022
	£'000	**£'000**
Interest expense (included in finance costs)	**(1,979)**	(2,447)
Expense relating to short-term leases (included in other operating expenses)	**(150)**	(1,068)
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	**(29)**	(27)
Income relating to sub-leases classified as operating leases (included in other operating expenses)	**447**	447

The total cash outflow for leases in 2023 related to the capital element of the lease payments was £20.4m and related to the interest payments was £2.0m.

At 30 April 2023 the Company recognised a net investment in sub-leases classified as finance leases of £Nil. In relation to these sub-leases £0.5m was received in rental payments during 2023.

The payments receivable that are classified as operating leases, fall due as follows at 30 April.

	Property	Property
	2023	**2022**
	£'000	**£'000**
Within one year	**430**	447
Within two to five years	**234**	413
In more than five years	**-**	-
	664	860

16 Leases (cont.)

The Company signed Heads of Terms on a new lease and an associated Agreement to Lease during the financial year ended 30 April 2020. Signing of the final lease contract remains pending at the date of signing these financial statements. Accordingly, no lease calculations have been performed and there is no impact on the IFRS 16 disclosures in these financial statements. In June 2022, the Company confirmed its total space take in accordance with the options set out in the Agreement to Lease. This commits the Company to lease payments of £454m over the term of the lease. Further, the lease is expected to run for a period of 20 years from the commencement date.

17 Pension scheme surplus

Under the terms of the pension scheme trust, the Company is judged to not hold the unconditional right to any remaining assets upon closure of the scheme and accordingly a £nil pension scheme position has been included in the statement of financial position.

Total pension costs of £13.4m (2022: £12.1m) have been charged to the statement of profit or loss in respect of the defined contribution pension schemes.

The Company operates defined benefit arrangements and money purchase agreements as set out below.

Money purchase arrangements

The Company operated money purchase schemes during the year consisting of a group pension plan for all eligible employees based in the London office and an International Pension Plan (IPP) for all eligible staff on secondment to an office outside the UK.

Defined benefit arrangements

The Company provides defined benefit pension arrangements for certain employees through a separate trustee administered scheme, the Hackwood Final Salary Pension Plan ("the Plan"). With the agreement of the Trustees of the Plan, the Plan was closed to new entrants on 1 May 1996. As of 1 December 2009, the Plan closed to future benefit accrual and at this point the remaining active members became deferred members of the Plan and their accrued pensions ceased to be linked to future salary increases.

The results of the latest funding valuation at 31 December 2020 have been adjusted to the new balance sheet date, taking account of inflation experience over the period since 31 December 2020, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation was measured using the projected unit credit method.

17 Pension scheme surplus (cont.)

The figures have been prepared by independent actuaries, in accordance with the provisions of IAS 19. The main assumptions used in updating the latest valuation of the scheme for IAS 19 purposes were:

Main financial assumptions	**2023 %pa**	**2022 %pa**
Discount rate for scheme liabilities	**4.9**	3.1
Inflation (RPI)	**3.2**	3.6
Rate of increase to pensions in payment	**3.1**	3.5

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years as follows:

	2023	**2022**
Mortality table adopted	SAPS S3, CMI 2021 core projections with long-term rate of improvement 1.25%	SAPS S3, CMI 2021 core projections with long-term rate of improvement 1.25%
Life expectancy for male currently aged 65	**22.2**	22.4
Life expectancy for female currently aged 65	**24.4**	24.5
Life expectancy at 65 for male currently aged 45	**23.9**	24.1
Life expectancy at 65 for female currently aged 45	**25.8**	25.9

17 Pension scheme surplus (cont.)

The amount recognised in the statement of other comprehensive income, gross of tax, was as follows:

	2023 £'000	2022 £'000
Loss on plan assets excluding amounts included in interest expense	**15,398**	2,005
Actuarial (gain)/loss arising from changes in demographic assumptions	**(462)**	481
Actuarial gains arising from changes in financial assumptions	**(14,691)**	(7,300)
Actuarial losses arising from experience adjustments	**1,038**	1,339
Limitation of plan assets	**(1,283)**	3,475
	-	-

The assets recognised in the statement of financial position was as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligation	**(49,302)**	(64,856)
Fair value of plan assets	**64,665**	81,001
Restriction of asset to nil	**(15,363)**	(16,145)
	-	-

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

	2023 £'000	2022 £'000
Opening defined benefit obligation	**(64,856)**	(72,453)
Interest expense	**(1,958)**	(1,414)
Actuarial gains/(losses) arising from changes in demographic assumptions	**462**	(481)
Actuarial gains arising from changes in financial assumptions	**14,691**	7,300
Actuarial losses arising from experience adjustments	**(1,038)**	(1,339)
Benefits paid	**3,397**	3,531
Closing defined benefit obligation	**(49,302)**	(64,856)

17 Pension scheme surplus (cont.)

Movements in the fair value of the plan assets in the year were as follows:

	2023 £'000	2022 £'000
Opening fair value of plan assets	**81,001**	84,875
Interest income	**2,459**	1,662
Return on plan assets (excluding amounts included in net interest)	**(15,398)**	(2,005)
Benefits paid	**(3,397)**	(3,531)
Closing fair value of plan assets	**64,665**	81,001

The assets held by the scheme were as follows:

	2023 £'000	2022 £'000
Equities	-	12,634
Property	-	4,307
Index-linked & fixed-interest government bonds	**45,638**	55,204
Corporate bonds	**3,070**	2,540
Other	**15,957**	6,316
	64,665	81,001

The plan holds fixed interest gilts, index linked gilts and corporate bonds as matching assets.

The weighted average duration of the defined benefit obligation is approximately 12 years.

17 Pension scheme surplus (cont.)

Sensitivities

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

	Change in assumption	Impact on defined benefit obligation £'m
Discount rate	-0.25%	(1.4)
RPI Inflation	+0.25%	(1.1)
Demographic change	Increase life expectancy by one year	(1.7)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant.

Risks

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit.

Changes in bond yields
A decrease in corporate bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

Inflation risk
A significant proportion of the Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The value of the plan's index-linked bonds move in line with inflation, meaning an increase in inflation will increase the value of the index-linked bonds. The plan has therefore largely mitigated the inflation risk.

Life expectancy

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in liabilities.

18 Healthcare scheme deficit

At 30 April 2023, there were 11 (2022:14) retired employees who were permitted to benefit free of charge from membership of the Company's group healthcare scheme for the year then ended.

Members of staff who retire from the Company's employment no longer benefit free of charge from membership of the Company's group healthcare scheme; the scheme is only available at the Company's discretion, to certain former members of staff with long service records who retired before 1 May 1996.

The net liability position of this scheme as at 30 April 2023 for the Company was £0.1m (2022: £0.1m). On the basis of materiality, and in line with the requirements of IAS 19, no disclosures are presented in respect of this scheme.

19 Related party transactions

As an indirectly wholly owned subsidiary of Linklaters LLP, the Company has taken advantage of the exemption permitted by FRS 101 not to disclose transactions with other members of the Group headed by Linklaters LLP.

20 Ultimate parent and controlling party

The Directors consider that the ultimate controlling party of the Company is Linklaters LLP, the limited liability partnership to which the Company supplies staff and services. The smallest and largest group for which group financial statements are prepared, of which the Company is a member, is Linklaters LLP, a limited liability partnership registered in England and Wales. The principal place of business of Linklaters LLP is the UK. The immediate parent Company is Linklaters Business Services Holdings.

The financial statements of Linklaters LLP are available at One Silk Street, London, EC2Y 8HQ.