

**Baker & McKenzie Services Limited**

**Annual Report and Financial Statements  
for the year ended 30 June 2018**

Company Registration No. 02922570



**Baker & McKenzie Services Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

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**Baker & McKenzie Services Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 June 2018**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J M Evason  
S P Thompson

**COMPANY SECRETARY**

Abogado Nominees Limited

**REGISTERED OFFICE**

100 New Bridge Street  
London  
EC4V 6JA

**BANKERS**

HSBC Bank plc  
60 Queen Victoria Street  
London  
EC4N 4TR

**INDEPENDENT AUDITORS**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

## **Baker & McKenzie Services Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2018**

#### **STRATEGIC REPORT**

The directors present their annual report on the affairs of Baker & McKenzie Services Limited ('the Company'), together with the audited financial statements and auditor's report, for the year ended 30 June 2018. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the Company is that of the provision of support services to Baker & McKenzie LLP, a limited liability partnership of lawyers.

The directors consider that the Company has traded satisfactorily in the year under review. The position at the year end is considered satisfactory.

#### **RESULTS**

There was a profit for the year after taxation amounting to £2,986,000 (2017: £2,720,000).

#### **KEY PERFORMANCE INDICATORS**

The directors consider the key indicator of the Company's performance to be turnover. As shown in the Company's Statement of Comprehensive Income on page 9, the Company's turnover was 9% higher than the prior year with an increase in activity in Baker & McKenzie LLP resulting in an increased level of support services provided to them:

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


#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal business risk is the going concern of the parent, Baker & McKenzie LLP. In order to assess and mitigate this risk, the directors continually review the financial position of Baker & McKenzie LLP to ensure the staff and services supplied continue to be required.

#### **FUTURE DEVELOPMENTS**

The directors consider that the Company will continue with its principal activity for the foreseeable future.

Approved by the Board of Directors  
and signed on behalf of the Board



S P Thompson  
Director

26 March 2019

## **Baker & McKenzie Services Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2018**

#### **DIRECTORS' REPORT**

##### **DIRECTORS**

The directors of the Company who served during the year, and since the year end, were as follows:

M A Carter (Resigned 9 February 2018)  
J M Evason  
S P Thompson (appointed 7 February 2018)

##### **FUTURE DEVELOPMENTS**

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

##### **EVENTS AFTER THE BALANCE SHEET DATE**

There were no post balance sheet events.

##### **GOING CONCERN**

The directors have reviewed the Company's forecasts and projections and consider that it has adequate financial resources. The nature of the service agreement with its parent company means that it will remain profitable for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business the only financial risks that the directors consider relevant to the Company are cash-flow risk.

The Company addresses cash flow risk carefully, managing its working capital inflows and outflows.

##### **DIVIDENDS**

A dividend of £2,700,000 (2017: £2,450,000) was paid during the year. No further dividends have been proposed.

##### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

##### **EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

**Baker & McKenzie Services Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2018**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting..

**AUDIT INFORMATION**

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Approved by the Board of Directors  
and signed on behalf of the Board



S P Thompson  
Director

26 March 2019

## **Baker & McKenzie Services Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2018**

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law 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 these financial statements, the directors are required to:

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

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

## **Baker & McKenzie Services Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Baker & McKenzie Services Limited**

#### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **OPINION**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Baker & McKenzie Services Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 15.

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

##### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **CONCLUSIONS RELATING TO GOING CONCERN**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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.

We have nothing to report in respect of these matters.

## **Baker & McKenzie Services Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Baker & McKenzie Services Limited**

#### **OTHER INFORMATION**

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

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

We have nothing to report in respect of these matters.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

#### **USE OF OUR REPORT**

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

## **Baker & McKenzie Services Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Baker & McKenzie Services Limited**

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Jeremy Black (Senior statutory auditor)

For, and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

26 March 2019

## **Baker & McKenzie Services Limited**

### **STATEMENT OF COMPREHENSIVE INCOME** **For the year ended 30 June 2018**

|   | Notes | 2018<br>£'000 | 2017<br>£'000 |
|---|-------|---------------|---------------|
| <b>TURNOVER</b>   | 3     | 77,925        | 71,633        |
| Administrative expenses   |       | (74,214)      | (68,222)      |
| <b>PROFIT BEFORE TAXATION</b>   | 5     | 3,711         | 3,411         |
| Tax on profit   | 7     | (725)         | (691)         |
| <b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE<br/>TO EQUITY SHAREHOLDERS OF THE COMPANY</b> |       | <u>2,986</u>  | <u>2,720</u>  |

All activities relate to continuing operations.

There are no items of other comprehensive income in the current or preceding year.

The company has taken advantage of section 408 of Companies Act 2006 not to publish a separate Income Statement and Statement of Comprehensive Income.

The notes 1 to 15 form part of these financial statements.

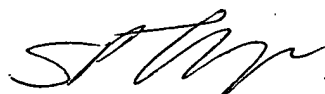
# **Baker & McKenzie Services Limited**

## **BALANCE SHEET** **As at 30 June 2018**

|   | Notes | 2018<br>£'000   | 2017<br>£'000   |
|---|-------|-----------------|-----------------|
| <b>CURRENT ASSETS</b>                                     |       |                 |                 |
| Debtors   | 9     | 14,706          | 12,666          |
| Cash at bank and in hand                                  |       | 79              | 188             |
|   |       | <u>14,785</u>   | <u>12,854</u>   |
| <b>CREDITORS: AMOUNTS FALLING DUE<br/>WITHIN ONE YEAR</b> | 10    | <u>(11,704)</u> | <u>(10,059)</u> |
| <b>NET ASSETS</b>   |       | <u>3,081</u>    | <u>2,795</u>    |
| <b>CAPITAL AND RESERVES</b>                               |       |                 |                 |
| Called up share capital                                   | 12    | -               | -               |
| Profit and loss account                                   |       | <u>3,081</u>    | <u>2,795</u>    |
| <b>SHAREHOLDERS' FUNDS</b>                                |       | <u>3,081</u>    | <u>2,795</u>    |

The financial statements of Baker & McKenzie Services Limited (registered number 02922570) were approved by the Board of Directors and authorised for issue on 26 March 2019.

Signed on behalf of the Board of Directors



S P Thompson  
Director

The notes 1 to 15 form part of these financial statements.

**Baker & McKenzie Services Limited**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2018**

|                                   | Notes | Called up<br>share<br>capital<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>£'000 |
|-----------------------------------|-------|--|--|----------------|
| <b>AT 1 JULY 2016</b>             |       | -                                      | 2,525                                  | 2,525          |
| Profit for the financial year     |       | -                                      | 2,720                                  | 2,720          |
| <b>TOTAL COMPREHENSIVE INCOME</b> |       | -                                      | 2,720                                  | 2,720          |
| Dividend paid on equity shares    | 8     | -                                      | (2,450)                                | (2,450)        |
| <b>AT 30 JUNE 2017</b>            |       | -                                      | 2,795                                  | 2,795          |
| Profit for the financial year     |       | -                                      | 2,986                                  | 2,986          |
| <b>TOTAL COMPREHENSIVE INCOME</b> |       | -                                      | 2,986                                  | 2,986          |
| Dividend paid on equity shares    | 8     | -                                      | (2,700)                                | (2,700)        |
| <b>AT 30 JUNE 2018</b>            |       | -                                      | 3,081                                  | 3,081          |

The notes 1 to 15 form part of these financial statements.

# **Baker & McKenzie Services Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2018**

### **1. ACCOUNTING POLICIES**

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

#### **General information and basis of preparation**

Baker & McKenzie Services Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company 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. The Company is consolidated in the financial statements of its parent, Baker & McKenzie LLP, which may be obtained at the Company's registered office. Exemptions have been taken in the separate Company financial statements in relation to presentation of a cash flow statement, financial instruments and remuneration of key management personnel.

Baker & McKenzie Services Limited is a wholly owned subsidiary of Baker & McKenzie LLP which is a member firm of Baker & McKenzie International, a Swiss Verein. The Company has taken advantage of the exemption under FRS 102 for related party transactions with other group wholly owned companies.

#### **Going concern**

The directors have reviewed the Company's forecasts and projections and consider that it has adequate financial resources. The nature of the service agreement with its parent undertaking means that it will remain profitable for the foreseeable future. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

The directors continually review the group's plans in respect of the activities and the group's financial position to ensure the parent Baker & McKenzie LLP is profitable, has positive net asset and the ability to continue to support the Company.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Baker & McKenzie Services Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 June 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Financial Instruments**

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all of its liabilities.

##### *Financial assets and 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

##### **Turnover**

Turnover represents fair value of the consideration receivable for services provided in the normal course of business excluding value added tax. All sales are made from within the United Kingdom. Turnover is recognised as per the contractual terms of the recharge agreement.

## **Baker & McKenzie Services Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 June 2018**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Taxation**

Current taxation, including UK corporation 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.

##### **Foreign currency transactions**

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are included in the profit and loss account.

##### **Pension**

Baker & McKenzie Services Limited operates a defined contribution pension scheme for staff. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Holiday pay**

The firm makes provision for holiday entitlement accrued by staff but not yet taken at the balance sheet date based on the relevant salaries at that date.

##### **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses.

## Baker & McKenzie Services Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2018

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors 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 ongoing 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.

There are no key sources of estimation uncertainty or critical accounting judgements affecting the amounts recognised in the financial statements.

#### 3. TURNOVER

Turnover represents fee income earned from the provision of support services to Baker & McKenzie LLP, in the United Kingdom, and is stated net of value added tax.

|                       | 2018<br>£'000 | 2017<br>£'000 |
|-----------------------|---------------|---------------|
| Rendering of services | 77,925        | 71,633        |
|                       | <u>77,925</u> | <u>71,633</u> |

#### 4. DIRECTORS AND EMPLOYEES

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Staff costs (including directors) during the year were as follows: |               |               |
| Wages and salaries   | 59,065        | 54,019        |
| Social security costs  | 8,091         | 7,430         |
| Pension costs (note 11)  | 2,300         | 2,090         |
|  | <u>69,456</u> | <u>63,539</u> |

# Baker & McKenzie Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2018

### 4. DIRECTORS AND EMPLOYEES (continued)

|   | 2018<br>£'000 | 2017<br>£'000 |
|---|---------------|---------------|
| Directors' remuneration   |               |               |
| Emoluments  | 556           | 347           |
| Compensation for loss of office   | 110           | -             |
|   | <u>666</u>    | <u>347</u>    |
|   | No.           | No.           |
| The number of directors who:  |               |               |
| Are members of a defined contribution pension scheme                                    | 1             | 1             |
|   | <u>1</u>      | <u>1</u>      |
| Remuneration of the highest paid director:  | 2018<br>£'000 | 2017<br>£'000 |
| Emoluments  | 380           | 347           |
| Compensation for loss of office   | 110           | -             |
|   | <u>490</u>    | <u>347</u>    |
|   | 2018<br>No.   | 2017<br>No.   |
| The average monthly number of employees (including executive directors) was as follows: |               |               |
| Practice  | 373           | 353           |
| Support Staff   | 327           | 327           |
|   | <u>700</u>    | <u>680</u>    |

### 5. PROFIT BEFORE TAXATION

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| The profit before taxation is stated after charging: |               |               |
| Foreign exchange loss                                | <u>16</u>     | <u>42</u>     |

# Baker & McKenzie Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2018

### 6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £8,800 (2017: £8,500).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company comprised tax compliance fees of £23,150 (2017: £4,700).

### 7. TAX ON PROFIT

|  | 2018<br>£'000 | 2017<br>£'000 |
|--|---------------|---------------|
| Profit before tax  | 3,711         | 3,411         |
| Tax on profit<br>at standard UK corporation tax rate of<br>19.00% (2017: 19.75%) | 705           | 674           |
| Expenses not deductible for tax purposes   | 17            | 14            |
| Adjustments to tax charge in respect of previous<br>periods                      | 3             | 3             |
| Current tax charge for year  | 725           | 691           |

The standard rate of tax applied to reported profit is 19.00% (2017: 19.75%), following the enactment of the Finance (No.2) Act 2015.

Also under Finance Act 2015, the rate was due to reduce from 19% to 18% from 1 April 2020 but in Finance Act 2016, which was substantially enacted on 15 September 2016, the rate that will apply from 1 April 2020 was reduced from 18% to 17%. These rate reductions will reduce the future tax charge of the Company.

### 8. DIVIDEND PAID ON EQUITY SHARE

|               | 2018<br>£'000 | 2017<br>£'000 |
|---------------|---------------|---------------|
| Dividend paid | 2,700         | 2,450         |
|               | 2,700         | 2,450         |

### 9. DEBTORS

|                                     | 2018<br>£'000 | 2017<br>£'000 |
|-------------------------------------|---------------|---------------|
| Amounts due from group undertakings | 13,644        | 11,794        |
| VAT                                 | 33            | 58            |
| Prepayments and other debtors       | 1,029         | 814           |
|                                     | 14,706        | 12,666        |

The amounts due from group undertakings are unsecured, interest free and repayable on demand.

# Baker & McKenzie Services Limited

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2018

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | 2018<br>£'000 | 2017<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 814           | 694           |
| Amounts due to group undertakings  | 65            | 106           |
| Corporation tax                    | 353           | 351           |
| Other taxation and social security | 2,421         | 2,289         |
| Other creditors                    | 11            | -             |
| Accruals                           | 8,040         | 6,619         |
|                                    | <u>11,704</u> | <u>10,059</u> |

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 11. PENSIONS

The Company operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,300,000 (2017: £2,090,000).

Amounts due as at 30 June 2018: £205,000 (2017: £183,000).

### 12. CALLED UP SHARE CAPITAL

|                                | 2018<br>£ | 2017<br>£ |
|--------------------------------|-----------|-----------|
| Allotted, called up and unpaid |           |           |
| 4 ordinary shares of £1 each   | <u>4</u>  | <u>4</u>  |

The Company has one class of ordinary shares which carry no right to fixed income.

### 13. RESERVES

#### Profit and loss account

Includes all current and prior period retained profits and losses, less dividend paid.

### 14. RELATED PARTY TRANSACTIONS

Baker & McKenzie Services Limited is a wholly owned subsidiary of Baker & McKenzie LLP which is a member firm of Baker & McKenzie International, a Swiss Verein. In the opinion of the members Baker & McKenzie Services Limited is not related with any other member firm of Baker & McKenzie International as defined for the purposes of Financial Reporting Standard 102 section 33 'Related Party Disclosures'.

The Company has taken advantage of the exemption under Financial Reporting Standard 102 section 33 "Related Party Disclosures" for related party transactions with other group wholly owned companies. The ultimate parent undertaking, Baker & McKenzie LLP, has prepared consolidated financial statements which include the results of the Company and are available to the public.

## **Baker & McKenzie Services Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 30 June 2018**

#### **15. ULTIMATE CONTROLLING PARTY**

The immediate and ultimate parent undertaking and ultimate controlling party of Baker & McKenzie Services Limited is Baker & McKenzie LLP. Its registered office is 100 New Bridge Street, London, EC4V 6JA.

The only entity which prepares group financial statements which include the Company is Baker & McKenzie LLP. Copies of Baker & McKenzie LLP's consolidated accounts are available at 100 New Bridge Street, London, EC4V 6JA, the parent company's registered office.