

Company registration number  
03550859

**Linklaters (Europe) Holdings**  
**Annual Report and Financial Statements**  
**for the year ended 30 April 2018**

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## Directors, officers and advisers

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**Directors** .....

G. Moore

G.R. Jacobs

**Company Secretary** .....

Hackwood Secretaries Limited

**Registered Office** .....

One Silk Street  
London EC2Y 8HQ

**Auditor** .....

PricewaterhouseCoopers  
Statutory Auditor  
London  
United Kingdom

**Banks** .....

SEB  
SE-106 40 Stockholm  
Sweden

KBC  
Havenlaan 16-3e verdiep  
1080 Brussels

Barclays Bank Plc  
Leicester  
Leicestershire  
United Kingdom

The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2006.

**Principal activities**

The principal activity of the Group is the supply of legal services to clients in Sweden.

**Business review**

The directors consider the key indicator of the Group's performance to be turnover. As shown in the Group's income statement on page 8, the Group's turnover has increased from £14,565k in 2017 to £15,596k in 2018. This is as a result of growth in underlying revenue aided by changes in foreign exchange rates as a result of the prevailing Sterling:Swedish Krone exchange rate being weaker during the year ended 30 April 2018.

The balance sheet on page 9 shows that the net assets of the Group have increased from £6,346k in 2017 to £6,642k in 2018 reflecting a 45% increase in the Group's cash and bank balances and a 3% decrease in the Group's trade and other payables balance. This is partially offset by a 6% decrease in the Group's trade and other receivables balance.

The Group's directors believe that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business.

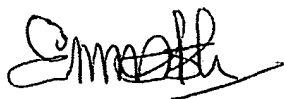
The directors consider the results for the year to be satisfactory given the prevailing political and economic environment and are confident of the Group's future prospects.

**Principal risk and financial risk management**

The directors believe the principal risk to the Group surrounds credit-worthiness of customers. However, they note that as at the date of this report the Group has no significant year end trade debtors that remain unpaid. As such, the directors do not consider that the Group is exposed to any significant credit risk in relation to the 30 April 2018 balance sheet. On an ongoing basis trade debtors are monitored and a provision is made in circumstances where there are uncertainties over the recovery of the debt.

The Group has no external borrowings and so the directors do not consider that the Group is exposed to any interest risk or liquidity risk.

Approved by the Board and signed on its behalf by:



Company Secretary  
for and on behalf of Hackwood Secretaries Limited

22 November 2018

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## Report of the Directors for the year ended 30 April 2018

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The directors present their annual report and the audited consolidated financial statements of Linklaters (Europe) Holdings ("the Group") for the year ended 30 April 2018. Linklaters (Europe) Holdings is a private unlimited company which holds shares in Linklaters Advokatbyrå Holding Aktiebolag, a Swedish company which holds the shares of the Swedish operating company.

### Results and dividend

The profit for the year after taxation amounted to £544k (2017: profit of £1,006k). The decrease in profit is a result of a 32% increase in the amount distributed to equity minority interests. Dividends of £1,006k relating to the financial year ended 30 April 2017 were declared and paid during the current year (2017: £850k). As at 30 April 2018, the proposed dividend for the year ending 30 April 2018 was subject to approval and has not been included as a liability in these financial statements. Profit after taxation but before deductions for amounts distributed to equity minority interests is 15% higher than 2017. Turnover has grown by 7%, in addition to a 3% reduction in staff costs, which is offset by a 12% increase in administrative expenses.

### Directors

The present directors are named on page 1. The following directors served throughout the year and up to the date of this report, unless otherwise indicated.

G Moore  
CR Jacobs

All persons who at any time during the year were directors of the Company were also partners in Linklaters LLP and interested as such in the agreement between the Company and the Firm for the supply of services to the partnership.

### 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 operates an employee appraisal system, which provides employees with the opportunity to be consulted on an annual basis in order that their views can be taken into account in making decisions which would affect their interests.

#### *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 persons and to have fair regard to the training needs and career development and promotion potential of disabled persons in its employment.

### Matters covered in the Strategic Report

The Group's principal activities, business review, future plans and financial risk management principal risks are set out within the Strategic Report.

### Going concern

After making adequate enquiries, the directors have reasonable expectation that the Group 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

## **Report of the Directors for the year ended 30 April 2018 (continued)**

the adoption of the going concern basis can be found in the accounting policies in note 2.3 to the financial statements.

### **Auditor**

Each of the persons who is a director 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 Group's auditor is unaware; and
- the director 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 and to establish that the Group'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.

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



Company Secretary  
for and on behalf of Hackwood Secretaries Limited

22 November 2018

## Statement of Directors' Responsibilities

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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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group and Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Independent auditor's report to the members of Linklaters (Europe) Holdings

#### Opinion on financial statements

In our opinion, Linklaters (Europe) Holdings's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; 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 consolidated and parent company balance sheets as at 30 April 2018; the consolidated income statement and consolidated statement of comprehensive income, the group and company cash flow statements, and the group and company statements 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the 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 group's and 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.

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



### **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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 group and company and their 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 set out on page 5, 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 group's and 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 group or 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.

## Independent Auditor's Report (continued)

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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](http://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 received 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Snell (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

23 November 2018

## Consolidated income statement for the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Turnover	2.4	15,596	14,565
Other operating income		-	1
<b>Total income</b>		<b>15,596</b>	<b>14,566</b>
Staff costs	4	(5,595)	(5,784)
<b>Gross profit</b>		<b>10,001</b>	<b>8,782</b>
Administrative expenses		(3,536)	(3,147)
<b>Operating profit</b>	3	<b>6,465</b>	<b>5,635</b>
Interest receivable and similar income	6	100	80
<b>Profit before taxation</b>		<b>6,565</b>	<b>5,715</b>
Taxation	7	(1,503)	(1,299)
<b>Profit after taxation</b>		<b>5,062</b>	<b>4,416</b>
Profit for the financial year attributable to equity minority interests		(4,518)	(3,410)
<b>Profit for the financial year attributable to shareholders of the company</b>		<b>544</b>	<b>1,006</b>

Turnover and profit on ordinary activities after taxation were exclusively generated from continuing operations and arose mainly in Sweden from the main operating activity.

## Consolidated statement of comprehensive income for the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Profit after taxation		5,062	4,416
<i>Other comprehensive (expenditure)/income</i>			
<i>Items that will not be reclassified to profit and loss:</i>			
Exchange differences on translation of foreign operations		(350)	(365)
<b>Total comprehensive income for the year</b>		<b>4,712</b>	<b>4,051</b>
Total comprehensive income for the year attributable to equity minority interests		4,203	3,141
Total comprehensive income for the year attributable to shareholders		509	910

# Consolidated and parent company balance sheet as at 30 April 2018

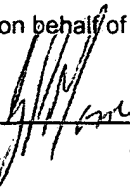
		Group		Company	
	Notes	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Non-current assets</b>					
Property, plant and equipment	8	238	304	-	-
Investments	9	-	-	1	1
		238	304	1	1
<b>Current assets</b>					
Trade and other receivables	10	8,051	8,582	3,995	4,071
Cash and bank balances		2,444	1,688	697	772
		10,495	10,270	4,692	4,843
<b>Total assets</b>		<b>10,733</b>	<b>10,574</b>	<b>4,693</b>	<b>4,844</b>
<b>Current liabilities</b>					
Trade and other payables	11	(4,091)	(4,228)	(2,833)	(2,867)
		6,404	6,042	1,859	1,976
<b>Net current assets</b>					
<b>Total assets less current liabilities</b>		6,642	6,346	1,860	1,977
<b>Net assets</b>		6,642	6,346	1,860	1,977
<b>Equity</b>					
Share capital	12	-	-	-	-
Retained earnings		2,467	2,964	1,860	1,977
		2,467	2,964	1,860	1,977
Minority Interests		4,175	3,382	-	-
<b>Equity attributable to owners of the Company</b>		<b>6,642</b>	<b>6,346</b>	<b>1,860</b>	<b>1,977</b>

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The profit for the financial year attributable to the Company was £886k (2017: profit of £947k).

These financial statements were approved by the Board of Directors and authorised for issue on 22 November 2018.

Signed on behalf of the Board of Directors

Director

  
GIDEON MOORE

## Group cash flow statement for the year ended 30 April 2018

Group		2018 £'000	2017 £'000
<b>Operating activities</b>			
Cash generated from operations	13	6,888	4,009
Interest received		12	104
Tax paid		(1,328)	(1,253)
<b>Net cash from operating activities</b>		<u>5,572</u>	<u>2,860</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(54)	(229)
Proceeds on disposal of property, plant and equipment		-	1
<b>Net cash used in investing activities</b>		<u>(54)</u>	<u>(228)</u>
<b>Financing activities</b>			
Dividends paid		(4,416)	(3,750)
<b>Net cash used in financing activities</b>		<u>(4,416)</u>	<u>(3,750)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,102	(1,118)
<b>Cash and cash equivalents at beginning of year</b>		1,688	3,177
Effects of foreign exchange rate charges		(346)	(371)
<b>Cash and cash equivalents at end of year</b>		<u>2,444</u>	<u>1,688</u>

## Company cash flow statement for the year ended 30 April 2018

Company	2018 £'000	2017 £'000
<b>Operating activities</b>		
Cash generated from operations	14 (3)	(206)
Interest received	-	1
Tax paid	(1)	-
<b>Net cash used in operating activities</b>	<u>(4)</u>	<u>(205)</u>
<b>Investing activities</b>		
Dividends received	932	873
<b>Net cash from investing activities</b>	<u>932</u>	<u>873</u>
<b>Financing activities</b>		
Dividends paid	(1,006)	(850)
<b>Net cash used in financing activities</b>	<u>(1,006)</u>	<u>(850)</u>
<b>Net decrease in cash and cash equivalents</b>	(78)	(182)
<b>Cash and cash equivalents at beginning of year</b>	772	972
Effects of foreign exchange rate charges	3	(18)
<b>Cash and cash equivalents at end of year</b>	<u>697</u>	<u>772</u>

## Group statement of changes in equity for the year ended 30 April 2018

Group	Share capital £'000	Retained earnings £'000	Total shareholders' funds £'000	Minority interests £'000	Total equity £'000
Balance at 1 May 2016	-	2,904	2,904	3,141	6,045
Profit for the financial year	-	1,006	1,006	3,410	4,416
Differences on translation of foreign operations	-	(96)	(96)	(269)	(365)
Total comprehensive income for the year	-	910	910	3,141	4,051
Dividends paid	-	(850)	(850)	(2,900)	(3,750)
Balance at 30 April 2017	-	2,964	2,964	3,382	6,346
Profit for the financial year	-	544	544	4,518	5,062
Differences on translation of foreign operations	-	(35)	(35)	(315)	(350)
Total comprehensive income for the year	-	509	509	4,203	4,712
Dividends paid	-	(1,006)	(1,006)	(3,410)	(4,416)
Balance at 30 April 2018	-	2,467	2,467	4,175	6,642

## Company statement of changes in equity for the year ended 30 April 2018

Company	Share capital £'000	Retained earnings £'000	Total shareholders' funds £'000	Total equity £'000
<b>Balance at 1 May 2016</b>	-	1,898	1,898	1,898
Profit for the financial year	-	947	947	947
Differences on translation of foreign operations	-	(18)	(18)	(18)
Total comprehensive income for the year	-	929	929	929
Dividends paid	-	(850)	(850)	(850)
<b>Balance at 30 April 2017</b>	-	1,977	1,977	1,977
Profit for the financial year	-	886	886	886
Differences on translation of foreign operations	-	3	3	3
Total comprehensive income for the year	-	889	889	889
Dividends paid	-	(1,006)	(1,006)	(1,006)
<b>Balance at 30 April 2018</b>	-	1,860	1,860	1,860



## **1. Authorisation of financial statements and statement of compliance with FRS 101**

The Company is incorporated and domiciled in the United Kingdom under the Companies Act 2006.

The Company is a private unlimited company with shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

These financial statements are presented in pounds sterling although the functional currency of the Group is Swedish Krona which is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

## **2. Statement of accounting policies**

### **2.1 Basis of preparation**

In the current year, the financial statements are prepared under the historical cost convention, and in accordance with International Financial reporting Standards (IFRSs) as adopted by the European Union. Therefore the financial statements comply with Article 4 of the EU IAS regulation.

At the date of authorisation of these financial statements there are a number of IFRS standards, amendments and IFRS IC interpretations that have been issued by the IASB that will require future adoption. The most significant of these to the group's activities are:

- IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS 39. The standard requires the implementation of the expected loss model for impairment, requires all investments, other than investments in subsidiaries, associates and joint ventures, to be measured at fair value and includes new hedge accounting requirements. The group are assessing whether the calculation of the trade receivables provisions need to be modified. Based on initial assessments performed, these changes are not expected to have a significant impact on the group's results. IFRS 9 will become effective for the accounting period to 30 April 2019.
- IFRS 15 'Revenue from contracts with customers' addresses the recognition and measurement of revenue and replaces IAS 18 'Revenue'. The standard establishes a comprehensive framework for revenue recognition using a five step model and requires that revenue is only recognised to the extent that it is highly probable that it will not subsequently be reversed. While the group's revenue accounting policy will change as a result of adopting IFRS 15, the current accounting policy is broadly in line with the new standard. An impact assessment has indicated that the impact of adoption on the group's results will not be significant. The most significant impact on the group will be the more detailed monitoring of separate performance obligations on some engagements and additional disclosure requirements. IFRS 15 will become effective for the accounting period to 30 April 2019.
- IFRS 16 'Leases' replaces IAS 17 and addresses the definition, recognition and measurement of leases. The key change arising from IFRS 16 is that most operating leases will be accounted for on-balance sheet as a right-of-use asset and a lease liability based on discounted future lease payments. The asset will be depreciated over its useful economic life while lease payments will be apportioned between a capital repayment of the lease liability and a finance charge. Beyond the information shown in note 16 in relation to operating lease commitments it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the group's detailed reviewed is completed. IFRS 16 will become effective for the accounting period to 30 April 2020.

## 2. Statement of accounting policies (continued)

Other issued IFRS standards, amendments and IFRS IC interpretations of less significance to the group and which have not been early adopted are:

- Annual improvements to IFRSs 2014-2016 cycle and IFRIC 22 'Foreign currency transactions and advance consideration' will become effective for the accounting period to 30 April 2019.
- Annual improvements to IFRSs 2015-2017 cycle, IAS 19 'Employee benefits - plan amendment, curtailment or settlement' and IFRIC 23 'Uncertainty over income tax treatments' will become effective for the accounting period to 30 April 2020, subject to EU endorsement.

### *New standards and interpretations adopted during the year*

During the year ended 30 April 2018, the group adopted amendments to IAS 7 'Statement of cash flows', IFRS 12 'Disclosure of interests in other entities' and IAS 12 'Income taxes'. These changes have not had a significant impact on the financial statements.

### 2.2 Basis of accounting

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services, at that point in time.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### 2.3 Going concern

The Group's business activity, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group has considerable financial resources with which to support itself. Consequently, the directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Group 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.

### 2.4 Turnover

Turnover comprises professional charges and additional services, which Linklaters (Europe) Holdings may charge when invoicing clients as incurred, e.g. photocopying, excluding external disbursements charged to clients and value added tax, with adjustments made for any deferred or accrued income. Turnover for services provided to clients which has not been billed at the balance sheet date has been recognised based on the fair value of services provided up to the balance sheet date. Turnover is recognised only to the extent that there is contractual right to receive consideration for the work performed. Where the right to receive payment is contingent on factors outside the control of Linklaters (Europe) Holdings, turnover is only recognised (over and above any agreed minimum fee) when the contingent event occurs. Unbilled revenue is included in client and other receivables. Turnover principally derives from Sweden and Europe. The directors consider disclosures of turnover and profit before tax by segment would be prejudicial to the Group and therefore have not been disclosed.

## 2. Statement of accounting policies (continued)

### 2.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Assets are depreciated at rates calculated to write off its cost in equal annual instalments over their estimated useful economic lives, as follows:

Leasehold property	20% pa
Plant and machinery	20% pa
Fixtures, fittings, tools and equipment	20 - 30% pa

### 2.6 Impairment of property, plant and equipment

At each balance sheet date the carrying amount of property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised as an expense immediately.

### 2.7 Investments

Investments held as fixed assets are stated at cost less provision for impairment in value. Investments are considered to be impaired when their carrying value is greater than their estimated recoverable amount.

### 2.8 Leases

Rental costs and any incentives under operating leases are charged to the income statement in equal annual amounts over the term of the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease and any benefits payable to the sub-tenant as an incentive to enter into the operating lease are also spread on a straight-line basis over the lease term.

### 2.9 Financial instruments

Financial assets and liabilities are recognised in the Group and Company balance sheets when they become a party to the contractual provision of the instrument.

- Trade and other receivables – initially recognised at fair value, and are subsequently reduced for any irrecoverable amounts
- Cash and cash equivalents – comprise cash in hand or demand deposits and other short-term highly liquid investments
- Trade and other payables – initially measured at fair value, and are subsequently reduced for any discounts given by suppliers

## 2. Statement of accounting policies (continued)

### 2.10 Taxation

#### *Current tax*

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

#### *Deferred tax*

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet 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 tax 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.

### 2.11 Foreign currencies

The financial statements are presented in pounds sterling (presentational currency). The currency of the primary economic environment in which the Company operates is Swedish Krona (its functional currency).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if applicable, at the related forward contract rate. All monetary assets and liabilities expressed in foreign currencies are retranslated into local currency at rates of exchange ruling at the end of the year. Differences between the translated trading transactions and subsequent cash settlements, or retranslated monetary assets and liabilities, are recorded in the income statement.

Any exchange gains and losses resulting from the translation of foreign operations are recorded in reserves.

### 2.12 Pension costs and other post-retirement benefits

#### *Defined contribution*

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

### 2.13 Critical accounting estimates and key sources of estimation

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and judgements, including judgements regarding the application of the accounting policies. 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 estimates and assumptions relate to the fair value of unbilled client revenue and debt impairment. Further details are set out in each of the relevant accounting policies and the notes to the financial statements. Management will continue to review the assumptions used against actual experience and adjustments will be made in future periods if appropriate.

## Notes to the Financial Statements (continued)

### 3 Operating profit

	2018 £'000	2017 £'000
This is stated after charging:		
Depreciation (note 8)	116	150
Operating lease rentals	1,257	1,294
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	61	42
Exchange loss/(gain)	136	(130)

### 4 Staff costs

	2018 £'000	2017 £'000
Wages and salaries	3,929	3,979
Social security costs	1,068	1,060
Pension costs	279	380
Other staff costs	319	365
	<u>5,595</u>	<u>5,784</u>

All staff are employed in the provision of legal services or the support of staff thereon involved. Directors received no remuneration for their services to the Company (2017: £nil).

	No	No
Practising lawyers	35	36
Business teams employees and secretaries	23	26
Average number of persons employed (including Directors)	<u>58</u>	<u>62</u>

## Notes to the Financial Statements (continued)

### 5 Dividends on Equity Shares

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the prior year	<u>1,006</u>	<u>850</u>

As at 30 April 2018, the proposed dividend for the year ending 30 April 2018 was subject to approval and has not been included as a liability in these financial statements.

### 6 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest from banks and other deposits	-	2
Inter-office interest receivable	<u>100</u>	<u>78</u>
	<u>100</u>	<u>80</u>

Inter-office interest is charged on an inter-company loan at SEK base rate plus 2%. At year end 30 April 2018, SEK base rate plus 2% was 1.5%. Loans are repayable in whole or in part immediately on demand.

## Notes to the Financial Statements (continued)

### 7 Taxation

	2018 £'000	2017 £'000
(i) Analysis of tax charge on ordinary activities		
<b>Current tax:</b>		
UK corporation tax charge	-	-
Foreign tax charge	1,503	1,290
Adjustments in respect of prior years	-	9
Total current tax	<u>1,503</u>	<u>1,299</u>
<b>Deferred tax:</b>		
Total deferred tax	<u>-</u>	<u>-</u>
	<u>1,503</u>	<u>1,299</u>
(ii) Factors affecting current tax charge for the current year		
Profit on ordinary activities before tax	<u>6,565</u>	<u>5,715</u>
Tax on profit on ordinary activities at standard rate of 19% (2017: 19%)	1,247	1,086
Expenses not deductible for tax purposes	49	49
Tax losses not utilised	9	(14)
Tax rate differential between UK and Sweden	198	169
Adjustment to tax charge in respect of prior years	-	9
Current tax charge for the year	<u>1,503</u>	<u>1,299</u>

A deferred tax asset has not been recognised in respect of timing differences relating to UK and Belgian tax losses carried forward. The amount of the asset not recognised is estimated to be £120k (2017: £124k). The asset has not been recognised since there is insufficient evidence that this asset would be recovered.

#### Factors that may influence future tax charges:

As part of the 2016 UK Budget it was announced that the main rate of UK corporation tax would reduce to 17% from 1 April 2020. This reduction was substantively enacted in 2016, consequently deferred tax balances in these financial statements have been recognised at 17%, except where balances are expected to reverse before 1 April 2020, for which the rate of 19% has been used.

## Notes to the Financial Statements (continued)

### 8 Property, plant and equipment

	Leasehold properties	Plant and machinery	Fixtures, fittings, tools and equipment	Total
Cost:	£'000	£'000	£'000	£'000
At 1 May 2017	479	1,504	82	2,065
Additions	10	43	1	54
Disposals	-	(63)	(3)	(66)
Exchange differences	(22)	(71)	(4)	(97)
At 30 April 2018	<u>467</u>	<u>1,413</u>	<u>76</u>	<u>1,956</u>
<i>Accumulated depreciation:</i>				
At 1 May 2017	471	1,254	36	1,761
Charge for the year	8	99	9	116
Disposals	-	(63)	(3)	(66)
Exchange differences	(23)	(68)	(2)	(93)
At 30 April 2018	<u>456</u>	<u>1,222</u>	<u>40</u>	<u>1,718</u>
<i>Net book value:</i>				
At 30 April 2018	<u>11</u>	<u>191</u>	<u>36</u>	<u>238</u>
At 30 April 2017	<u>8</u>	<u>250</u>	<u>46</u>	<u>304</u>

### 9 Investments

	Shares in subsidiaries:
	£
<b>Cost and net book value</b>	
At 1 May 2017 and 30 April 2018	<u>1,334</u>

#### Interests in subsidiaries

The shares in subsidiaries relate to the 24.0% ownership of the ordinary shares of Linklaters Advokatbyrå Holding Aktiebolag and were purchased on the 10 August 2001. This subsidiary is incorporated in Sweden and provides legal services there. The ordinary shares represent 76.0% of the voting rights of the subsidiary. This is due to the fact that the Company is allocated 10 voting rights per share held compared to 1 voting right allocated to each of the shares held by the equity minority interests.

Registered address of Linklaters Advokatbyrå Holding Aktiebolag:  
Box 7833  
103 98  
Stockholm  
Sweden



## Notes to the Financial Statements (continued)

### 10 Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade receivables	1,237	2,256	6	6
Amounts due from other associated entities	4,672	4,269	3,988	4,065
Current corporation tax debtor	-	102	1	-
Prepayments and accrued income	2,137	1,955	-	-
Other debtors	5	-	-	-
	<u>8,051</u>	<u>8,582</u>	<u>3,995</u>	<u>4,071</u>

There is no material difference between the fair value and carrying value of trade and other receivables

### 11 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade payables	197	139	-	-
Amounts owed to other associated entities	2,163	2,234	2,809	2,844
Current corporation tax	73	-	-	-
Other taxation	405	459	-	-
Accruals and deferred income	1,253	1,396	24	23
	<u>4,091</u>	<u>4,228</u>	<u>2,833</u>	<u>2,867</u>

There is no material difference between the fair value and carrying value of trade and other payables.

## Notes to the Financial Statements (continued)

### 12 Share capital

	Group 2018 £	2017 £	Company 2018 £	2017 £
<i>Authorised:</i>				
100 ordinary shares of £1 each	100	100	100	100
<i>Called up, allotted and fully paid:</i>				
2 ordinary shares of £1 each	2	2	2	2

### 13 Cash generated from operations - Group

	2018 £'000	2017 £'000
<b>Profit before taxation</b>	6,565	5,715
Depreciation	116	150
Net interest receivable	(100)	(80)
<b>Operating cash flows before movements in working capital</b>	6,581	5,785
Decrease/(increase) in receivables	445	(959)
Decrease in payables	(138)	(635)
Decrease in provisions	-	(182)
<b>Cash generated by operations</b>	6,888	4,009

### 14 Cash generated from operations - Company

	2018 £'000	2017 £'000
<b>Profit before taxation</b>	886	947
Dividend receivable	(932)	(873)
Net interest receivable	-	(1)
<b>Operating cash flows before movements in working capital</b>	(46)	73
Decrease/(increase) in receivables	77	(41)
Decrease in payables	(34)	(238)
<b>Cash generated by operations</b>	(3)	(206)

## Notes to the Financial Statements (continued)

### 15 Capital commitments

The Company had no capital commitments that were authorised and contracted for at the end of the year (2017: £nil).

### 16 Operating lease commitments

Lease payments under operating leases recognised in the income statement for the year:

	2018 £'000	2017 £'000
Land and buildings	1,197	1,248
Plant and machinery	60	46
	<u>1,257</u>	<u>1,294</u>

At the balance sheet date, Linklaters (Europe) Holdings has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	1,108	59	1,144	23
Between two and five years	553	65	1,711	12
In more than five years	-	-	-	-
	<u>1,661</u>	<u>124</u>	<u>2,855</u>	<u>35</u>

### 17 Contingent liabilities

There are contingent liabilities in respect of indemnities and guarantees, entered into as part of and from the ordinary course of business, on which no material loss is expected to arise. It is not practicable to quantify the amounts of any such contingent liabilities.

### 18 Ultimate parent company

The immediate and ultimate controlling party and the parent undertaking of the smallest and largest group, which includes the Company and for which group financial statements are prepared, was Linklaters LLP, a limited liability partnership which is incorporated in Great Britain and registered in England and Wales. The financial statements of Linklaters LLP are available from The Company Secretary of Linklaters Business Services Holdings, One Silk Street, London EC2Y 8HQ.

## Notes to the Financial Statements (continued)

### 19 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and the Company and other related parties are disclosed below.

In addition to the below, both the Company and the Group declared and paid dividends of £1,006k in the current year to Linklaters LLP (2017: £850k).

Group	Amounts owed by related parties		Amounts owed to related parties	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Linklaters LLP	4,458	4,151	1,501	1,759
Linklaters (General Partnership)	-	106	195	-
Linklaters CIS	-	-	144	148
Studio Legale Association	203	-	-	17
Miralta Ltda.	-	-	5	6
Linklaters (Thailand) Ltd	-	-	79	84
Linklaters Singapore Pte Ltd	-	1	4	-
Linklaters São Paulo LSCDE	-	-	10	10
Linklaters C. Wiśniewski Wspólnicy Spolka Komandytowa	-	-	12	2
Lefosse São Paulo	-	-	40	40
LBS (H.K.) Limited	11	11	-	-
Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters	-	-	173	168
	<u>4,672</u>	<u>4,269</u>	<u>2,163</u>	<u>2,234</u>
<b>Company</b>				
Linklaters LLP	-	-	2,809	2,844
	<u>-</u>	<u>-</u>	<u>2,809</u>	<u>2,844</u>