

Linklaters (Europe) Holdings

Annual Report and Financial Statements

for the year ended 30 April 2021



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Directors, Officers and Advisers

Directors

P G Lewis
A I Comiskey

Company Secretary

Hackwood Secretaries Limited

Registered Office

One Silk Street
London
EC2Y 8HQ

Independent auditor

PricewaterhouseCoopers LLP
Statutory Auditors
London
United Kingdom

Banks

SEB
SE-106 40 Stockholm
Sweden

KBC
Havenlaan 16-3e Verdiep
1080 Brussels

Barclays Bank Plc
Leicester
Leicestershire
United Kingdom

Banco Santander Totta S.A.
Lisboa 1050 121
Portugal

Strategic Report for the year ended 30 April 2021

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 and since 1 January 2021 in Portugal.

Business review

The directors consider the key indicator of the Group's performance to be revenue and profit before tax. As shown in the Group's income statement on page 9, the Group's revenue has increased from £14,462k in 2020 to £19,630k in 2021. The increase is predominantly due to the onboarding of the Lisbon office. The Group's increase in revenue has resulted in 2021 profit before tax being 22% higher than that in 2020. The net profit margin before tax has fallen slightly due to the Lisbon office wages as a proportion of revenue being higher than Sweden, therefore reducing the consolidated figure for the group, now at 34% (2020: 38%) and the directors are satisfied with this performance.

Details around Director's remuneration are outlined in note 4.

The balance sheet on page 10 shows that the net assets of the Group have increased, between 2020 when they were £6,267k and 2021 at £7,244k.

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 to continue supplying legal services in Sweden and Portugal.

Principal risk and financial risk management

Due to the nature of the Group's business and the assets and liabilities contained within the Group's balance sheet, the only financial risks the directors consider relevant to this Group are credit risk, foreign exchange risk and liquidity risk. The directors believe the principal risk to the Group surrounds creditworthiness 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 2021 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 liquidity risk is also mitigated by financial support from the Group. Foreign exchange risk is monitored throughout the year and actions will be considered to mitigate the risk through hedging activities, for example, if required.

The Group is predominately financed by undistributed earnings and has no external borrowings and so the directors do not consider that the Group is exposed to any significant interest risk or liquidity risk.

Future Prospects

The Directors intend to maintain the Group's presence for a period of at least 12 months from the date of approval of the financial statements, targeting growth in the regions where its principal activities are based.

Statement on section 172 of the Companies Act 2006

The Directors of the Group (all of which are members of Linklaters LLP, the parent entity of the Linklaters group) are responsible for the day to day oversight of the Group and for any material decisions made. The Directors continue to drive the Group's strategy as outlined in this Strategic Report, as well as the Group's relationships with all external stakeholders. Accordingly, the Directors have the ability to manage

Strategic Report for the year ended 30 April 2021

Linklaters (Europe) Holdings group 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 Directors' Report.

DocuSigned by:

Paul Newcombe

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Approved and signed by order of the Board by:

Company Secretary
for and on behalf of Hackwood Secretaries Limited

25 November 2021

Report of the Directors for the year ended 30 April 2021

The directors present their annual report and the audited consolidated financial statements of Linklaters (Europe) Holdings ("the Group") for the year ended 30 April 2021. Linklaters (Europe) Holdings is a private unlimited company which holds shares in Linklaters Advokatbyrå Holding Aktiebolag, a Swedish company which holds the shares of Linklaters Advokatbyrå Aktiebolag, the Swedish operating company. Linklaters Advokatbyrå Aktiebolag opened a branch in Portugal on 1 January 2021.

Dividends

At a company level, dividends of £384k relating to the financial year ended 30 April 2020 were declared but were not paid during the current year (2020: £410k relating to the financial year ended 30 April 2019 declared and paid). Additionally, at Group level, dividends of £3,942k (2020: £4,100k) were paid to minority interests. As at 30 April 2021, the proposed dividend for the year ending 30 April 2021 was subject to approval and has not been included as a liability in these financial statements.

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.

Gideon Moore (resigned 15 July 2021)

Charles Jacobs (resigned 30 June 2021)

Paul Lewis (appointed 16 July 2021)

Aedamar Comiskey (appointed 1 July 2021)

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

Employee related matters

Employee involvement

Throughout the year, the Group has provided employees on a regular basis with information on matters of concern to them as employees. The Group operates an employee appraisal system, which provides employees with the opportunity to be consulted on a continual basis in order that their views can be taken into account in making decisions which would affect their interests.

Disabled persons

The policy of the Group 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.

Environment related matters

The Group's corporate responsibility and environment related practices are in line with those of Linklaters LLP and are disclosed in the Linklaters LLP annual report.

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. Further, the Group is able to

Report of the Directors for the year ended 30 April 2021

seek support from its parent, Linklaters LLP, such that it will be able to operate as a going concern and settle its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 2.3 to the financial statements.

Auditors

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 auditors are 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 Group'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 appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved and signed by order of the Board by:

DocuSigned by:
Paul Newcombe
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Company Secretary
for and on behalf of Hackwood Secretaries Limited
25 November 2021

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 group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 company and of the profit or loss of the group 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 international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are 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.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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.

Independent Auditors' Report to the members of Linklaters (Europe) Holdings

Report on the audit of the financial statements

Opinion

In our opinion, Linklaters (Europe) Holdings' 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 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 sheet as at 30 April 2021; the consolidated income statement, the consolidated statement of comprehensive income, the group cash flow statement, the company cash flow statement, the group statement of changes in equity and the company 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 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

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 group's and 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 group's and 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.

Independent Auditors' Report to the members of Linklaters (Europe) Holdings (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The 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 2021 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 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 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 Auditors' Report to the members of Linklaters (Europe) Holdings (continued)

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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 reported results and management bias in accounting estimates. 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 of known or suspected instances of non-compliance with law and regulations and fraud;
- Testing unusual or unexpected journal entries, particularly those impacting revenue;
- Reviewing minutes of meetings of those charged with governance; and
- Challenging assumptions and judgements made by management in respect of significant accounting estimates.

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 directors 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.

**Independent Auditors' Report to the members of Linklaters (Europe) Holdings
(continued)**

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Leon Hutchinson

Leon Hutchinson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

25 November 2021

Consolidated Income Statement for the year ended 30 April 2021

	<i>Note</i>	2021 £'000	2020 £'000
Revenue from contracts with clients		19,630	14,462
Operating costs			
Staff costs	4	(9,327)	(5,797)
Other operating expenses		(3,560)	(3,189)
Operating profit	3	6,743	5,476
Finance income	6	94	101
Finance costs	6	(66)	(33)
Profit before taxation		6,771	5,544
Taxation	7	(1,499)	(1,218)
Profit after taxation		5,272	4,326
Profit for the financial year attributable to equity minority interests		(4,710)	(3,942)
Profit for the financial year attributable to shareholders of the company		562	384

Revenue and profit on ordinary activities after taxation were exclusively generated from continuing operations.

Consolidated statement of comprehensive income for the year ended 30 April 2021

	2021 £'000	2020 £'000
Profit after taxation	5,272	4,326
<i>Other comprehensive income</i>		
<i>Items that will not be reclassified to profit and loss:</i>		
Exchange differences on translation of foreign operations	40	187
Total comprehensive income for the year	5,312	4,513
Total comprehensive income for the year attributable to equity minority interests	4,709	4,109
Total comprehensive income for the year attributable to shareholders	603	404

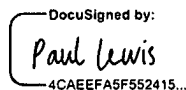
Consolidated and Parent Company Balance Sheet as at 30 April 2021

		Group		Company	
	<i>Note</i>	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	8	1,024	443	-	-
Right-of-use-assets	9	5,872	6,349	-	-
Investments	10	19	-	1	1
		6,915	6,792	1	1
Current assets					
Trade and other receivables	11	18,068	7,817	4,040	3,958
Current corporate tax receivable		47	237	2	2
Cash and bank balances		3,857	1,899	1,234	754
		21,972	9,953	5,276	4,714
Total assets		28,887	16,745	5,277	4,715
Current liabilities					
Trade and other payables	12	(15,986)	(4,347)	(3,302)	(2,864)
Lease liabilities	9	(1,966)	(1,356)	-	-
		(17,952)	(5,703)	(3,302)	(2,864)
Net current assets		4,020	4,250	1,974	1,850
Total assets less current liabilities		10,935	11,042	1,975	1,851
Non-current liabilities					
Lease liabilities	9	(3,691)	(4,775)	-	-
Net assets		7,244	6,267	1,975	1,851
Equity					
Share capital	13	-	-	-	-
Retained earnings		2,558	2,348	1,975	1,851
		2,558	2,348	1,975	1,851
Minority Interests		4,686	3,919	-	-
Equity attributable to owners of the Company		7,244	6,267	1,975	1,851

Consolidated and Parent Company Balance Sheet as at 30 April 2021 (continued)

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 £479k (2020: profit of £407k). These financial statements were approved by the Board of Directors and authorised for issue on 25 November 2021.

Signed on behalf of the Board of Directors

DocuSigned by:

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Paul Gareth Lewis

Director

Group Cash Flow Statement for the year ended 30 April 2021

Group		2021	2020
		£'000	£'000
Operating activities			
Cash generated from operations	14	8,742	7,604
Interest received / (paid)		212	(32)
Tax paid		(1,305)	(1,520)
Net cash from operating activities		7,649	6,052
Investing activities			
Purchase of property, plant and equipment		-	(407)
Proceeds on disposal of property, plant and equipment		-	4
Net cash used in investing activities		-	(403)
Financing activities			
Dividends paid		(3,942)	(4,510)
Capital element of lease rentals		(1,694)	(1,295)
Net cash used in financing activities		(5,636)	(5,805)
Net increase / (decrease) in cash and cash equivalents		2,013	(156)
Cash and cash equivalents at beginning of year		1,899	1,990
Effects of foreign exchange rate changes		(55)	65
Cash and cash equivalents at end of year		3,857	1,899

Company Cash Flow Statement for the year ended 30 April 2021

Company		2021	2020
		£'000	£'000
Operating activities			
Cash generated / (used) in operations	15	<u>(19)</u>	<u>(26)</u>
Net cash used in operating activities		<u>(19)</u>	<u>(26)</u>
Investing activities			
Dividends received		<u>470</u>	<u>462</u>
Net cash from investing activities		<u>470</u>	<u>462</u>
Financing activities			
Dividends paid		<u>-</u>	<u>(410)</u>
Net cash used in financing activities		<u>-</u>	<u>(410)</u>
Net increase in cash and cash equivalents		451	26
Cash and cash equivalents at beginning of year		754	725
Effects of foreign exchange rate changes		<u>29</u>	<u>3</u>
Cash and cash equivalents at end of year		<u>1,234</u>	<u>754</u>

Group Statement of Changes in Equity for the year ended 30 April 2021

Group	Share capital £'000	Retained earnings £'000	Total shareholders' funds £'000	Minority interests £'000	Total equity £'000
Balance at 1 May 2019	-	2,354	2,354	3,910	6,264
Profit for the financial year	-	384	384	3,942	4,326
Differences on translation of foreign operations	-	20	20	167	187
Total comprehensive income for the year	-	404	404	4,109	4,513
Dividends paid	-	(410)	(410)	(4,100)	(4,510)
Balance at 30 April 2020	-	2,348	2,348	3,919	6,267
Profit for the financial year	-	562	562	4,710	5,272
Differences on translation of foreign operations	-	32	32	(1)	31
Total comprehensive income for the year	-	594	594	4,709	5,303
Dividends declared/paid	-	(384)	(384)	(3,942)	(4,326)
Balance at 30 April 2021	-	2,558	2,558	4,686	7,244

Company Statement of Changes in Equity for the year ended 30 April 2021

Company	Share capital £'000	Retained earnings £'000	Total shareholders' funds £'000	Total equity £'000
Balance at 1 May 2019	-	1,854	1,854	1,854
Profit for the financial year	-	407	407	407
Total comprehensive income for the year	-	407	407	407
Dividends paid	-	(410)	(410)	(410)
Balance at 30 April 2020	-	1,851	1,851	1,851
Profit for the financial year	-	479	479	479
Effects of foreign exchange rate charges	-	29	29	29
Total comprehensive income for the year	-	508	508	508
Dividends declared	-	(384)	(384)	(384)
Balance at 30 April 2021	-	1,975	1,975	1,975

1 General Information

The Company is incorporated and domiciled in England and Wales 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 Group's and 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 are both Swedish Krona and Euros which are the currencies 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

The consolidated financial statements incorporate the financial statements of Linklaters (Europe) Holdings ("the company"), a private unlimited company which holds shares in Linklaters Advokatbyrå Holding Aktiebolag, a Swedish company which holds the shares of Linklaters Advokatbyrå Aktiebolag, the Swedish operating company. Linklaters Advokatbyrå Aktiebolag has a branch in Portugal, Linklaters Lisbon AB. The consolidated results represent the consolidation of all entities controlled by Linklaters Europe Holdings, together comprising "the group" and include those profits accruing to the equity minority interest.

2.2 Basis of accounting

The consolidated financial statements are prepared under the historical cost convention, except as otherwise described in the accounting policies, and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. None of the new standards and amendments that are not yet effective are expected to have a material effect on the group.

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, including the ability to seek support from its' parent, Linklaters LLP, such that it will be able to operate as a going concern and settle its liabilities as they fall due. Consequently, the directors believe that the Group is well placed to manage its business risks successfully. 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 Revenue from contracts with clients

Revenue from contracts with clients comprises professional charges and additional services, which the Group may charge when invoicing clients, e.g. photocopying, excluding external disbursements charged to clients and value added tax, with adjustments made for any deferred or accrued income. Revenue 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. Revenue is recognised only

2 Statement of Accounting Policies (continued)

2.4 Revenue from contracts with clients (continued)

to the extent that there is an enforceable right to receive consideration for the work performed in relation to performance obligations as set out in the agreement with the client.

Where the right to receive payment is contingent on factors outside the control of the Group, revenue is only recognised (over and above any agreed minimum fee) when the contingent event occurs. Unbilled revenue is included in trade and other receivables.

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 improvements	Over the term of the lease
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

The group leases office space, cars and other small items (including printers and photo copiers). Leases are negotiated on an individual basis and contain different terms and conditions (including termination and renewal rights). Rental contracts are typically made for fixed periods of between 3 and 5 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 group 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 group does not provide any residual value guarantees in relation to any leases.

Leases are classified as a right-of-use asset and a corresponding liability is recognised at the date of which the leased asset is available for use by the group.

2 Statement of Accounting Policies (continued)

2.8 Leases (continued)

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 group 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 group 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 a 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 group as a lessee is potentially exposed that are not reflected in the measurement of the lease liability arise from extension and termination options (unless these are reasonably certain at the year end date).

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as 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,
- An estimate of dilapidation costs to be incurred at the end of the lease contract; and
- Any initial direct costs.

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

2 Statement of Accounting Policies (continued)

2.8 Leases (continued)

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 income statement, as permitted by the exemptions for these leases under IFRS 16. Short-term are leases with a lease term of 12 months or less. Short-term leases comprise the lease of a corporate apartment. Low-value assets comprise printers and drinks machines.

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

Financial assets comprise cash and trade and other receivables (excluding prepayments and accrued income) and are held at amortised cost. Financial liabilities comprise trade and other payables (excluding accruals and deferred income) and are held at amortised cost.

Risks arising from financial assets and liabilities are managed at a group level. Details of which are set out in the consolidated financial statements of Linklaters LLP.

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 sheet date.

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

For consolidation purposes, the income statement and cash flows for entities within the group for any year are translated into sterling at the average rates of exchange ruling over the year. Balance sheet items are translated at closing rates of exchange. Any exchange gains and losses resulting from the translation of foreign operations are recorded in reserves.

2 Statement of Accounting Policies (continued)

2.11 Foreign currencies (continued)

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

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.

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 accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 IFRS 16 Leases. 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.

The key estimates and assumptions are as follows:

Fair value of unbilled client revenue

Unbilled client revenue is recognised at the fair value of the consideration expected to be receivable in respect of the whether there is an enforceable right to consideration. The key estimates relate to whether there is an enforceable right to consideration on the unbilled revenue on each transaction as well as the value at which economic benefit will be ultimately realised at. A 10% variance in unbilled amounts would result in a change in revenue of £554k.

IFRS 16 (note 9)

IFRS 16 requires a judgement of the likelihood that lease contract extensions and termination options will be exercised is made.

Notes to the Financial Statements

3 Operating Profit

	2021	2020
	£'000	£'000
This is stated after charging:		
Depreciation (notes 8 & 9)	1,940	1,336
Short-term and low value lease costs	9	7
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	51	51
Exchange (gain) / loss	(67)	28
Net impairment loss on financial and contract assets	-	-

4 Staff Costs

	2021	2020
	£'000	£'000
Wages and salaries	7,628	4,085
Social security costs	1,139	1,110
Pension costs	299	304
Other staff costs	261	298
	<u>9,327</u>	<u>5,797</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 Group and Company (2020: £nil).

	2021	2020
	No	No
Practising lawyers	75	37
Business teams' employees and secretaries	53	23
Average number of persons employed (including Directors)	<u>128</u>	<u>60</u>

Notes to the Financial Statements**5 Dividends**

	2021 £'000	2020 £'000
i. Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 30 April 2020 of £192 (2019: £205) per fully paid share	384	410
ii. Amounts recognised as distributions to minority interests in the year:		
Final dividend for the year ended 30 April 2020 of £19.71 (2019: £20.5) per share	3,942	4,100
	<u>4,326</u>	<u>4,510</u>

As at 30 April 2021, the proposed dividend for the year ending 30 April 2021 was subject to approval and has not been included as a liability in these financial statements.

6 Finance income and costs

	2021 £'000	2020 £'000
Finance income		
Interest receivable on loans with fellow group undertaking	94	101
Finance costs		
Interest expense on leases (note 9)	(66)	(33)
	<u>28</u>	<u>68</u>

Inter-office interest is charged on an inter-company loan at SEK base rate plus 2%. At year end 30 April 2021, SEK base rate plus 2% was 2%. Loans are repayable in whole or in part immediately on demand.

Notes to the Financial Statements

7 Taxation

	2021	2020
	£'000	£'000
(i) Analysis of tax charge on ordinary activities		
Current tax:		
UK corporate tax charge	4	-
Foreign tax charge	1,489	1,218
Adjustments in respect of prior years	6	-
Total current tax	<u>1,499</u>	<u>1,218</u>
(ii) Factors affecting current tax charge for the current year		
Profit on ordinary activities before tax	<u>6,771</u>	<u>5,544</u>
Tax on profit on ordinary activities at standard rate of 19% (2020: 19%)	1,286	1,053
Expenses not deductible for tax purposes	34	20
Tax losses utilised	(4)	11
Tax rate differential between UK and Sweden, and Portugal	177	134
Adjustment to tax charge in respect of prior years	6	-
Current tax charge for the year	<u>1,499</u>	<u>1,218</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 £150k (2020: £154k).

The asset has not been recognised since there is insufficient evidence that this asset would be recovered.

Notes to the Financial Statements

8 Property, Plant and Equipment

	Leasehold improvements	Plant and machinery	Fixtures, fittings, tools and equipment	Total
Cost:	£'000	£'000	£'000	£'000
At 1 May 2019	453	1,412	74	1,939
Additions	117	283	7	407
Disposals	-	(463)	(2)	(465)
Exchange differences	4	9	-	13
At 30 April 2020	<u>574</u>	<u>1,241</u>	<u>79</u>	<u>1,894</u>
Transfer from group and parent undertakings (as per note 18)	548	239	47	834
Exchange differences	30	31	5	66
At 30 April 2021	<u>1,152</u>	<u>1,511</u>	<u>131</u>	<u>2,794</u>
<i>Accumulated depreciation:</i>				
At 1 May 2019	450	1,266	47	1,763
Charge for the year	17	113	9	139
Disposals	-	(461)	(1)	(462)
Exchange differences	3	7	1	11
At 30 April 2020	<u>470</u>	<u>925</u>	<u>56</u>	<u>1,451</u>
Charge for the year	91	164	25	280
Exchange differences	23	14	2	39
At 30 April 2021	<u>584</u>	<u>1,103</u>	<u>83</u>	<u>1,770</u>
<i>Net book value:</i>				
At 30 April 2021	<u>568</u>	<u>408</u>	<u>48</u>	<u>1,024</u>
At 30 April 2020	<u>104</u>	<u>316</u>	<u>23</u>	<u>443</u>

Notes to the Financial Statements

9 Leases

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

	2021 £'000	2020 £'000
Right-of-use assets		
Property	5,742	6,315
Cars	130	34
	<u>5,872</u>	<u>6,349</u>

Additions to the right-of-use assets during the year ended 30 April 2021 were £nil (2020: £6,740k).

	2021 £'000	2020 £'000
Lease Liabilities		
Current	1,966	1,356
Non-current	3,691	4,775
	<u>5,657</u>	<u>6,131</u>

Future minimum lease payments as at 30 April 2021 are as follows:

	Property £'000	Cars £'000	Total £'000
Cash Flow Maturity Analysis			
Within one year	1,977	45	2,022
Within two to five years	3,670	65	3,735
More than five years	-	-	-
	<u>5,647</u>	<u>110</u>	<u>5,757</u>

Amounts recognised in the consolidated income statement related to leases:

	2021 £'000	2020 £'000
Depreciation charge of right-of-use assets		
Property	1,622	1,154
Cars	38	43
	<u>1,660</u>	<u>1,197</u>

Notes to the Financial Statements
9 Leases (continued)

	2021	2020
	£'000	£'000
Interest expense (included in finance costs)	66	33
Expense relating to short-term leases	9	7
Expense relating to leases of low-value assets that are not shown above as short-term leases	6	5

The total cash outflow for leases in 2021 relating to the capital element of the lease payments was £1,694k and relating to the interest payments was £66k (2020: £33k).

The group is committed to payments totaling £nil in relation to leases that have been signed at 30 April 2021 (2020: £88k) but have not yet commenced.

10 Investments

Group	Shares in subsidiaries £'000
Cost and net book value	
At 30 April 2021	19

Interests in subsidiaries

The Group shares in subsidiaries relate to the 49.9% ownership of the ordinary shares of Linklaters S.L.P by Linklaters Advokatbyrå Aktiebolag. Linklaters S.L.P provides legal services to clients in Spain. The shares were purchased on 30 April 2021. These B category shares represent 49.9% of the voting rights in Linklaters S.L.P and nil economic right.

Registered address of Linklaters S.L.P:

Almagro, 40, Madrid, E-28010, Spain

Company	Shares in subsidiaries £
Cost and net book value	
At 1 May 2020 and 30 April 2021	1,336

Interests in subsidiaries

The Company shares in subsidiaries relate to the 24.0% ownership of the ordinary shares of Linklaters Advokatbyrå Holding Aktiebolag (which is the direct holding company for Linklaters Advokatbyrå Aktiebolag) and were purchased on 10 August 2001, 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

11 Trade and Other Receivables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade receivables	4,956	1,698	7	7
Amounts due from parent and group undertakings	7,572	3,530	4,033	3,951
Prepayments	-	-	-	-
Unbilled revenue	5,540	2,589	-	-
	18,068	7,817	4,040	3,958

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

Amounts due from parent and group undertakings are repayable on demand. Trade balances due from associated undertakings do not have interest charged against them. On loan balances due from Linklaters LLP interest is charged at the base rate of the loan currency plus 2%. No security is held against these balances.

12 Trade and Other Payables

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade payables	194	150	-	-
Amounts due to parent and group undertakings	11,683	2,204	3,278	2,831
Other taxation	217	526	-	-
Accruals and deferred income	3,892	1,467	24	33
	15,986	4,347	3,302	2,864

There is no material difference between the fair value and carrying value of trade and other payables. Amounts due to parent and group undertakings in respect of intercompany trade payables are interest-free and repayable on demand. On loan balances due to Linklaters LLP interest is charged at the base rate of the loan currency plus 2%. No security is held against these balances.

Notes to the Financial Statements

13 Share Capital

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Authorised:				
100 ordinary shares of £1 each	100	100	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Called up, allotted and fully paid:				
2 ordinary shares of £1 each	2	2	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Cash Generated from Operations - Group

	2021	2020
	£'000	£'000
Profit before taxation	6,771	5,544
Depreciation	1,940	1,336
Profit on sale of fixed assets	-	(1)
Net interest receivable	(28)	(68)
Operating cash flows before movements in working capital	8,683	6,811
(Increase)/decrease in receivables	(10,362)	483
Increase in payables	10,421	310
Cash generated by operations	8,742	7,604

Notes to the Financial Statements
15 Cash Generated in Operations - Company

	2021	2020
	£'000	£'000
Profit before taxation	479	407
Dividend receivable	(470)	(462)
Operating cash flows before movements in working capital	9	(55)
Increase in receivables	(82)	(10)
Increase in payables	54	39
Cash generated / (used) in operations	(19)	(26)

16 Capital Commitments

The Company had no capital commitments that were authorised and contracted for at the end of the year (2020: £nil).

17 Ultimate Parent Company

The immediate and ultimate controlling party and the parent undertaking of the smallest and largest group, which includes the Company and the Group 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.

18 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, arising on the purchase and receipt of legal services, are disclosed below.

In addition to the below, the Company declared, but did not pay, dividends of £384k in the current year to Linklaters LLP. The Group declared and paid dividends of £410k in the prior year to Linklaters LLP.

Prior to 1 January 2021, Linklaters LLP conducted business in Portugal through a registered branch of the LLP. However, following the exit of the United Kingdom from the European Union on 31 December 2020 the Portuguese Bar Association has approved the registration of a new branch office of Linklaters AB in Portugal through which the business could continue to operate. The business included the property, plant and equipment which was transferred to the new branch office of Linklaters AB at its net book value.

Notes to the Financial Statements

18 Related Party Transactions (continued)

This Portuguese transfer was deemed an internal reorganisation. The activity of Portugal remains unchanged and the transfer of business to Linklaters AB does not correspond to any substantial change of the business of Linklaters in Portugal.

The Property, Plant & Equipment acquired by the Group on 1 January 2021, as a result of the transfer of business is illustrated below:

	2021
	£
Property, plant and equipment (Note 8)	834

The transfer consideration payable, which equals to the net book value of the assets acquired, is recorded as an intercompany payable to the Portugal branch of the LLP.

Group	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Linklaters LLP	5,876	3,504	9,763	1,611
Linklaters Hong Kong Ltd	1,168	-	1,065	166
Linklaters CIS	296	-	453	128
Linklaters S.L.P	33	-	-	6
Studio Legale Association	16	16	9	13
Miralta Ltda.	-	-	4	4
Linklaters (Thailand) Ltd	46	-	105	79
Linklaters Singapore Pte Ltd	-	-	10	1
Linklaters São Paulo LSCDE	-	-	1	9
Linklaters C. Wiśniewski Wspólnicy Spółka Komandytowa	47	-	16	26
LBS (H.K.) Limited	13	10	2	-
Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters	77	-	255	161
	7,572	3,530	11,683	2,204

Notes to the Financial Statements
18 Related Party Transactions (continued)

Group	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Linklaters LLP	-	-	2,894	2,831
	<u>-</u>	<u>-</u>	<u>2,894</u>	<u>2,831</u>

During the year the Group purchased and received legal services from, and sold and provided legal services to other related parties. For the year ended 30 April 2021, there was net provision of services to other related parties of £2,390k (2020: £468k).