

**Company Registration No. 05094078**

**Baker & McKenzie Global Services (UK) Limited**

**Annual Report and Financial Statements**

**For the year ended 30 June 2017**

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**Baker & McKenzie Global Services (UK) Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 June 2017**

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**Baker & McKenzie Global Services (UK) Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2017**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P Eichelman  
J Marty  
P Rawlinson  
G Senior

**COMPANY SECRETARY**

Abogado Nominees Limited

**REGISTERED OFFICE**

100 New Bridge Street  
London  
EC4V 6JA

**BANKERS**

HSBC Bank plc  
60 Queen Victoria Street  
London  
EC4N 4TR

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

**Baker & McKenzie Global Services (UK) Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 June 2017**

**STRATEGIC REPORT**

The directors present their annual report on the affairs of Baker & McKenzie Global Services (UK) Limited ('the company'), together with the financial statements and auditor's report, for the year ended 30 June 2017.

**REVIEW OF THE BUSINESS**

The principal activity of the company is that of the provision of support services to member firms of Baker & McKenzie International BV.

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

**RESULTS**

There was a profit for the year after taxation amounting to £618,883 (2016: profit of £520,647).

**KEY PERFORMANCE INDICATORS**

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

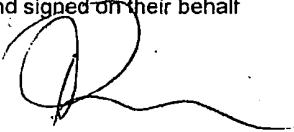
**PRINCIPAL RISKS AND UNCERTAINTIES**

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

**FUTURE DEVELOPMENTS**

The entity will continue with its principal activity for the foreseeable future.

Approved by the Board of Directors  
and signed on their behalf



Director

P RAWLINSON

23 March 2018

## **Baker & McKenzie Global Services (UK) Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2017**

#### **DIRECTORS' REPORT**

##### **DIRECTORS**

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

C Courter (Resigned 26 June 2017)

P Eichelman

J Marty (Appointed 26 June 2017)

P Rawlinson

G Senior

##### **FUTURE PROSPECTS**

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

##### **GOING CONCERN**

The directors consider that the company has adequate financial resources and the nature of the service agreement with its parent company means that it will remain profitable for the foreseeable future. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

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

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

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

##### **DIVIDENDS**

An interim dividend of £445,000 (2016: £280,000) was paid on 27 June 2017. In the current year no final dividend was proposed (2016: £nil). Therefore the total dividend for the year was £445,000 (2016: £280,000).

##### **MATTERS COVERED IN THE STRATEGIC REPORT**

In accordance with section 414C(11) of the Companies Act 2006 the company has chosen to include information in relation to future developments in the company's strategic report.

##### **AUDITOR**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**Baker & McKenzie Global Services (UK) Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30 June 2017**

**DIRECTORS' REPORT (continued)**

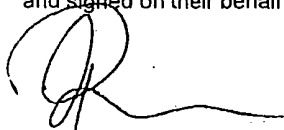
**AUDIT INFORMATION**

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

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

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

Approved by the Board of Directors  
and signed on their behalf



Director

P RAWLINSON

23 MARCH 2018

## **Baker & McKenzie Global Services (UK) Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2017**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

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**Baker & McKenzie Global Services (UK) Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Baker & McKenzie Global Services (UK) Limited**

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

**OPINION**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 19.

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

**BASIS FOR OPINION**

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

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Baker & McKenzie Global Services (UK) Limited**

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

#### **OTHER INFORMATION**

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

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

We have nothing to report in respect of these matters.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

**Baker & McKenzie Global Services (UK) Limited**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
Baker & McKenzie Global Services (UK) Limited**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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

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

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

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

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

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

We have nothing to report in respect of these matters.



Jeremy Black (Senior statutory auditor)

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

27 March 2018

**Baker & McKenzie Global Services (UK) Limited**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 30 June 2017**

|   | Notes | 2017<br>£      | 2016<br>£      |
|---|-------|----------------|----------------|
| <b>TURNOVER</b>   | 3     | 18,403,635     | 15,659,976     |
| Administrative expenses   |       | (17,527,272)   | (14,914,263)   |
| <b>OPERATING PROFIT AND PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b>               | 5     | 876,363        | 745,713        |
| Tax on profit on ordinary activities  | 7     | (257,480)      | (225,066)      |
| <b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE<br/>TO EQUITY SHAREHOLDERS OF THE COMPANY</b> |       | <u>618,883</u> | <u>520,647</u> |

All activities relate to continuing operations.

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

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

The notes 1 to 19 form part of these financial statements.

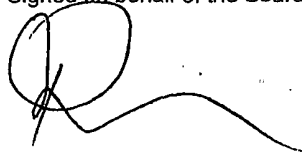
**Baker & McKenzie Global Services (UK) Limited**

**BALANCE SHEET**  
As at 30 June 2017

|   | Notes | 2017<br>£        | 2016<br>£        |
|---|-------|------------------|------------------|
| <b>FIXED ASSETS</b>                                       |       |                  |                  |
| Tangible assets   | 9     | 2,048,110        | 1,494,508        |
|   |       | <u>2,048,110</u> | <u>1,494,508</u> |
| <b>CURRENT ASSETS</b>                                     |       |                  |                  |
| Debtors   | 10    | 1,440,462        | 4,808,191        |
| Cash at bank and in hand                                  |       | 319,547          | 191,695          |
|   |       | <u>1,760,009</u> | <u>4,999,886</u> |
| <b>CREDITORS: AMOUNTS FALLING DUE<br/>WITHIN ONE YEAR</b> | 11    | (2,481,563)      | (5,348,727)      |
| <b>NET CURRENT LIABILITIES</b>                            |       | <u>(721,554)</u> | <u>(348,841)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>              |       | 1,326,556        | 1,145,667        |
| <b>PROVISIONS FOR LIABILITIES</b>                         | 13    | (147,722)        | (140,716)        |
| <b>NET ASSETS</b>   |       | <u>1,178,834</u> | <u>1,004,951</u> |
| <b>CAPITAL AND RESERVES</b>                               |       |                  |                  |
| Called up share capital                                   | 16    | 1,000            | 1,000            |
| Profit and loss account                                   |       | <u>1,177,834</u> | <u>1,003,951</u> |
| <b>SHAREHOLDERS' FUNDS</b>                                |       | <u>1,178,834</u> | <u>1,004,951</u> |

The financial statements of Baker & McKenzie Global Services (UK) Limited (registered number 05094078) were approved by the Board of Directors and authorised for issue on 23 March 2018.

Signed on behalf of the Board of Directors



Director  
**P. RAWLINSON**

The notes 1 to 19 form part of these financial statements.

**Baker & McKenzie Global Services (UK) Limited**

**STATEMENT OF CHANGES IN EQUITY**  
**As at 30 June 2017**

|                                   | Notes | Called-up<br>share<br>capital<br>£ | Profit<br>and loss<br>account<br>£ | Total<br>£ |
|-----------------------------------|-------|------------------------------------|------------------------------------|------------|
| <b>AT 1 JULY 2015</b>             |       | 1,000                              | 763,304                            | 764,304    |
| Profit for the financial year     |       | -                                  | 520,647                            | 520,647    |
| <b>TOTAL COMPREHENSIVE INCOME</b> |       | -                                  | 520,647                            | 520,647    |
| Dividends paid on equity shares   | 8     | -                                  | (280,000)                          | (280,000)  |
| <b>AT 30 JUNE 2016</b>            |       | 1,000                              | 1,003,951                          | 1,004,951  |
| Profit for the financial year     |       | -                                  | 618,883                            | 618,883    |
| <b>TOTAL COMPREHENSIVE INCOME</b> |       | -                                  | 618,883                            | 618,883    |
| Dividends paid on equity shares   | 8     | -                                  | (445,000)                          | (445,000)  |
| <b>AT 30 JUNE 2017</b>            |       | 1,000                              | 1,177,834                          | 1,178,834  |

The notes 1 to 19 form part of these financial statements.

**Baker & McKenzie Global Services (UK) Limited**

**CASH FLOW STATEMENT**  
For the year ended 30 June 2017

|   | Notes | 2017<br>£        | 2016<br>£        |
|---|-------|------------------|------------------|
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b> | 14    | 1,531,471        | 1,119,173        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |       |                  |                  |
| Purchase of tangible fixed assets                   |       | (1,278,252)      | (782,968)        |
| Proceeds from disposal of tangible fixed assets     |       | 319,633          | -                |
| <b>Net cash flows from investing activities</b>     |       | <u>(958,619)</u> | <u>(782,968)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |       |                  |                  |
| Dividends paid                                      |       | (445,000)        | (280,000)        |
| <b>Net cash flows from financing activities</b>     |       | <u>(445,000)</u> | <u>(280,000)</u> |
| <b>Net increase in cash and cash equivalents</b>    |       | <u>127,852</u>   | <u>56,205</u>    |
| Cash and cash equivalents at beginning of year      |       | 191,695          | 135,490          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>     |       | <u>319,547</u>   | <u>191,695</u>   |
| <b>Reconciliation to cash at bank and in hand:</b>  |       |                  |                  |
| Cash at bank and in hand                            |       | 319,547          | 191,695          |
| <b>CASH AND CASH EQUIVALENTS</b>                    |       | <u>319,547</u>   | <u>191,695</u>   |

The notes 1 to 19 form part of these financial statements.

## Baker & McKenzie Global Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2017

#### 1. ACCOUNTING POLICIES

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

##### General information and basis of preparation

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

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

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

##### Going concern

As described in the Directors' Report, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, on each asset on a straight line basis over its expected useful life, as follows:

|                    |                        |
|--------------------|------------------------|
| Computer equipment | 20% - 33.33% per annum |
|--------------------|------------------------|

##### Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

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

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

## **Baker & McKenzie Global Services (UK) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the year ended 30 June 2017**

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

##### **Financial Instruments (continued)**

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

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

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

##### **Turnover**

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

##### **Taxation**

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

Deferred taxation 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 taxation computations in periods different from those in which they are included in the financial statements.

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

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

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

##### **Pension costs**

Baker & McKenzie Global Services (UK) Limited operates a defined contribution pension scheme for staff. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Dividends**

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

**Baker & McKenzie Global Services (UK) Limited**

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

**For the year ended 30 June 2017**

**1. ACCOUNTING POLICIES (continued)**

**Holiday pay**

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

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

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

**3. TURNOVER**

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

|                       | 2017<br>£         | 2016<br>£         |
|-----------------------|-------------------|-------------------|
| Rendering of services | 18,403,635        | 15,659,976        |
|                       | <u>18,403,635</u> | <u>15,659,976</u> |

## Baker & McKenzie Global Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2017

#### 4. DIRECTORS AND EMPLOYEES

|   | 2017<br>£         | 2016<br>£        |
|---|-------------------|------------------|
| Staff costs during the year were as follows:                                  |                   |                  |
| Wages and salaries  | 9,179,802         | 8,253,667        |
| Social security costs   | 1,170,590         | 1,072,286        |
| Pension costs (note 15)   | 288,405           | 281,352          |
|   | <u>10,638,797</u> | <u>9,607,305</u> |
|   | No.               | No.              |
| The average monthly number of employees (excluding directors) was as follows: |                   |                  |
| Administration  | <u>61</u>         | <u>60</u>        |

The directors received no remuneration in respect of their services to the company during the year (2016: £nil).

#### 5. OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

|  | 2017<br>£     | 2016<br>£ |
|--|---------------|-----------|
| The operating profit and profit on ordinary activities before taxation is stated after charging: |               |           |
| Depreciation   |               |           |
| - owned assets (note 9)  | 475,946       | 312,744   |
| Profit on disposal   | <u>70,929</u> | <u>-</u>  |

#### 6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the company's annual financial statements were £8,500 (2016: £9,150).

Fees payable to Deloitte LLP and their associates for non-audit services to the company comprised tax compliance fees of £4,200 (2016: £5,140).

**Baker & McKenzie Global Services (UK) Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2017**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**a) Tax on profit on ordinary activities**

The tax charge comprises:

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| <b>Current tax</b>                                |                |                |
| UK corporation tax                                | 240,883        | 180,335        |
| Adjustment in respect of prior year               | 9,591          | 2,864          |
| <b>Total current tax (note 7 b)</b>               | <b>250,474</b> | <b>183,199</b> |
| <b>Deferred tax</b>                               |                |                |
| Origination of timing differences                 | 7,006          | 41,867         |
| <b>Total deferred tax (note 13)</b>               | <b>7,006</b>   | <b>41,867</b>  |
| <b>Total tax on profit on ordinary activities</b> | <b>257,480</b> | <b>225,066</b> |

**b) Factors affecting current tax charge**

The differences between the total current tax shown above and the amount calculated by applying the standard rates of UK corporation tax to the profit before tax is as follows:

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| <b>Profit on ordinary activities before tax</b> | <b>876,363</b> | <b>745,713</b> |
| <b>Tax at 19.75% (2016: 20%)</b>                | <b>173,082</b> | <b>149,143</b> |
| Timing differences on fixed assets              | (14,595)       | (39,926)       |
| Adjustment for non-deductible items             | 82,396         | 71,118         |
| Adjustment in respect of prior year             | 9,591          | 2,864          |
| <b>Current tax charge for year (note 7 a)</b>   | <b>250,474</b> | <b>183,199</b> |

The standard rate of tax applied to reported profit on ordinary activities is 19.75% (2016: 20%), following the enactment of Finance (No.2) Act 2015. There is no expiry date on timing differences, unused tax losses or tax credits.

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

**Baker & McKenzie Global Services (UK) Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2017**

**8. DIVIDEND PAID ON EQUITY SHARE**

|               | 2017<br>£      | 2016<br>£      |
|---------------|----------------|----------------|
| Dividend paid | <u>445,000</u> | <u>280,000</u> |

**9. TANGIBLE FIXED ASSETS**

|                                 | Computer<br>equipment<br>£ |
|---------------------------------|----------------------------|
| <b>Cost</b>                     |                            |
| At 1 July 2016                  | 1,921,061                  |
| Additions                       | 1,278,252                  |
| Disposals                       | <u>(319,633)</u>           |
| At 30 June 2017                 | <u>2,879,680</u>           |
| <b>Accumulated depreciation</b> |                            |
| At 1 July 2016                  | 426,553                    |
| Charge for the year             | 475,946                    |
| Disposals                       | <u>(70,929)</u>            |
| At 30 June 2017                 | <u>831,570</u>             |
| <b>Net book value</b>           |                            |
| At 30 June 2017                 | <u>2,048,110</u>           |
| At 30 June 2016                 | <u>1,494,508</u>           |

**10. DEBTORS**

|                                     | 2017<br>£        | 2016<br>£        |
|-------------------------------------|------------------|------------------|
| Amounts due from group undertakings | 244,521          | 4,464,242        |
| VAT                                 | 280,277          | 73,709           |
| Corporation tax                     | -                | 8,107            |
| Other debtors                       | 591,608          | 31,823           |
| Prepayments                         | 324,056          | 230,310          |
|                                     | <u>1,440,462</u> | <u>4,808,191</u> |

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

**Baker & McKenzie Global Services (UK) Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 June 2017**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2017<br>£        | 2016<br>£        |
|------------------------------------|------------------|------------------|
| Other taxation and social security | 322,726          | 308,997          |
| Corporation tax                    | 124,584          | -                |
| Other creditors                    | 1,500,523        | 1,332,302        |
| Accruals                           | 303,332          | 487,040          |
| Amounts due to group undertakings  | 230,398          | 3,220,388        |
|                                    | <u>2,481,563</u> | <u>5,348,727</u> |

*The amounts due to other member firms are unsecured, interest free and repayable on demand.*

**12. FINANCIAL INSTRUMENTS**

|   | 2017<br>£        | 2016<br>£        |
|---|------------------|------------------|
| <b>Financial assets</b>   |                  |                  |
| Financial assets that are debt instruments measured at amortised cost | 1,155,676        | 4,687,760        |
|   | <u>1,155,676</u> | <u>4,687,760</u> |
| <b>Financial liabilities</b>  |                  |                  |
| Financial liabilities measured at amortised cost                      | 2,034,253        | 5,039,730        |
|   | <u>2,034,253</u> | <u>5,039,730</u> |

*Financial assets measured at amortised cost comprise cash at bank, amounts owed by group undertakings and other debtors.*

*Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, other creditors and accruals.*

## Baker & McKenzie Global Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2017

#### 13. PROVISIONS FOR LIABILITIES

|  | Deferred<br>taxation<br>£ |
|--|---------------------------|
| At 1 July 2016                                 | 140,716                   |
| Deferred tax charge in profit and loss account | 7,006                     |
|  | <u>147,722</u>            |
| At 30 June 2017                                | <u>147,722</u>            |

#### Deferred tax

Deferred tax is provided as follows:

|                                | 2017<br>£      | 2016<br>£      |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 147,722        | 140,716        |
| Provision for deferred tax     | <u>147,722</u> | <u>140,716</u> |

#### 14. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

|   | 2017<br>£'000    | 2016<br>£'000    |
|---|------------------|------------------|
| Operating profit                          | 876,363          | 745,713          |
| Adjustment for:                           |                  |                  |
| Depreciation                              | 475,946          | 312,744          |
| Profit on disposal of fixed assets        | (70,929)         | -                |
| Decrease/(increase) in debtors            | 3,359,622        | (2,411,167)      |
| (Decrease)/increase in creditors          | (2,991,748)      | 2,649,366        |
| <b>Cash generated by operations</b>       | <u>1,649,254</u> | <u>1,296,656</u> |
| Corporation tax                           | <u>(117,783)</u> | <u>(177,483)</u> |
| <b>Net cash from operating activities</b> | <u>1,531,471</u> | <u>1,119,173</u> |

#### 15. PENSIONS

The company operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £288,405 (2016: £281,352).

Amounts due as at 30 June 2017: £50,669 (2016: £54,022).

## Baker & McKenzie Global Services (UK) Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 June 2017

#### 16. CALLED UP SHARE CAPITAL

|  | 2017<br>£    | 2016<br>£    |
|--|--------------|--------------|
| Allotted, called up and fully paid<br>1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

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

#### 17. RESERVES

##### Profit and loss account

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

#### 18. RELATED PARTY TRANSACTIONS

Transactions with related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and repayable on demand.

|   | 2017<br>£         | 2016<br>£         |
|---|-------------------|-------------------|
| Sales to entities with control, joint control and significant influence over the company        | 18,403,635        | 15,659,976        |
| Amount due from entities with control, joint control and significant influence over the company | 191,934           | 4,451,031         |
|   | <u>18,595,569</u> | <u>20,111,007</u> |

##### Key management personnel compensation

Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the company. Total amounts paid to key personnel during the year was £2,948,000 (2016: £2,486,000).

#### 19. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company and ultimate controlling party of Baker & McKenzie Global Services (UK) Limited is Baker & McKenzie International BV, a company incorporated in the Netherlands.

No entity prepares consolidated financial statements which include the company.