

Hogan Lovells Services (South Africa) Limited Annual Report & Financial Statements

For the eight months ended 31 December 2016



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Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016

Officers and professional advisers

Directors: Susan Bright
Charles Nicholas Cheffings
Nicholas Cray (resigned 31 December 2016)
David Hudd
Darren Mitchell (appointed 20 December 2016)

Company Secretary: Sisec Limited

Registered office: 21 Holborn Viaduct
London EC1A 2DY
United Kingdom

Auditor: Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities and business review

The company is a limited company, registered in England and Wales. The principal activity of the company is as a service company.

The results for the year are set out in the profit and loss account on page 9 and the financial position in the balance sheet on page 10. During the period turnover was £1,643,016 (year ended 30 April 2016: £1,659,375).

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

Principal risks and uncertainties

Management do not consider there to be any further principal risks other than those relating to financial risk management and other risks, which are managed on a group basis.

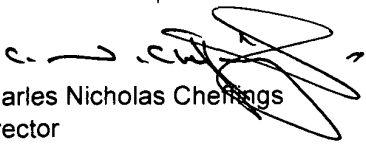
Financial risk management objectives and policies

Almost all debtors are with other members of the Hogan Lovells International LLP group. Therefore, the directors believe there is no significant credit risk arising from these.

Other risks and uncertainties

Other risks are managed on a group basis and further details of the group's risk management objectives and policies can be found in the group financial statements of Hogan Lovells International LLP, which do not form part of this report.

Approved by the board of directors and signed on behalf of the board by:


Charles Nicholas Chelings
Director

Date: 20 September 2017

Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016
Report of the directors

The directors submit their annual report and the audited financial statements for the 8 months ended 31 December 2016. During the year the company's accounting date was changed from 30 April to 31 December to be consistent with its parent, Hogan Lovells International LLP.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

Directors' transactions

The directors include members of Hogan Lovells International LLP. During the year the company charged fees of £1,643,016 (year ended 30 April 2016: £1,659,375) for the provision of services to Hogan Lovells International LLP.

Employee involvement

A weekly bulletin is distributed to all employees on a regular basis to keep them informed of matters of concern to them.

Employment of disabled persons

The company gives full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. Appropriate training is arranged for disabled employees, including retraining for alternative work of employees who become disabled, to promote their career development within the company.

Charitable and political donations

During the period, the company made charitable donations of £235 (year ended 30 April 2016: Nil).

Directors

The present membership of the Board is set out on page 3. All the directors served throughout the year unless otherwise stated.

Going Concern

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

Future Developments

The directors consider that the company's level of business and the period-end financial position were satisfactory, and that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors recommend the payment of a dividend of £50,136 (year ended 30 April 2016: £67,449).

Report of the directors (continued)

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditor

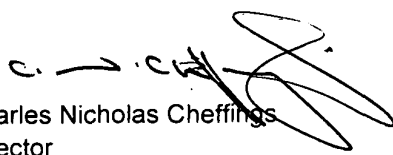
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself 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(2) of the Companies Act 2006.

Pursuant to s485 of the Companies Act 2006 a resolution was passed appointing Deloitte LLP as auditor.

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


Charles Nicholas Cheffings
Director

Date: 20 September 2017

Independent auditor's report to the members of Hogan Lovells Services (South Africa) Limited

We have audited the financial statements of Hogan Lovells Services (South Africa) Limited for the eight months ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the eight months then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 and the Directors' Report.

Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016

Independent auditor's report to the members of Hogan Lovells Services (South Africa) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



Peter Saunders (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

25 September 2017

Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016

Profit and Loss Account

	Note	8 months ended 31 December 2016	Year Ended 30 April 2016 £
		£	
Revenue	2	1,643,016	1,659,375
Other operating income		89,565	16,578
Operating Expenses			
Staff Costs	6	(890,124)	(752,387)
Depreciation and amortisation	9	(165,938)	(232,868)
Other Operating Expenses		(598,280)	(611,680)
Operating profit before taxation	5	78,239	79,018
Taxation	8	(28,103)	(11,569)
Profit after taxation		50,136	67,449

All amounts are derived from continuing operations. There have been no items of other comprehensive income than the profit for the current and preceding years. Accordingly, no statement of comprehensive income is presented.

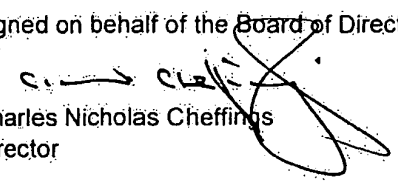
Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016

Balance Sheet

	Note	31 December 2016 £	30 April 2016 £
Assets			
Non-Current Assets			
Tangible Fixed Assets	9	540,453	586,574
Current Assets			
Cash and cash equivalents		105,236	71,350
Sundry debtors and prepaid expenses		52,098	43,629
Other taxes and social security		27,276	4,225
Total Assets		725,063	705,778
Liabilities			
Current liabilities			
Accruals and deferred income		102,550	98,875
Tax and social security		323	2,009
Amounts owed to group undertakings		528,147	521,640
Corporation tax creditor		43,906	15,804
Total Liabilities		674,926	638,328
Current assets less current liabilities being net current liabilities		(490,316)	(519,124)
Total assets less current liabilities and net assets		50,137	67,450
Capital and reserves			
Called up share capital	12	1	1
Profit for the financial year		50,136	67,449
Total shareholders' funds		50,137	67,450

The financial statements of Hogan Lovells Services (South Africa) limited, registered number 08891578 were approved by the Board of Directors on 20 September 2017.

Signed on behalf of the Board of Directors.


Charles Nicholas Cheffings
Director

Hogan Lovells Services (South Africa) Limited
Period ended 31 December 2016

Statement of Changes in Equity

	Share Capital £	Profit and loss account £	Total £
Balance at 1 May 2015	1	34,588	34,589
Dividends	-	(34,558)	(34,558)
Profit for the period	-	67,449	67,449
Balance at 30 April 2016	1	67,449	67,450
Dividends	-	(67,449)	(67,449)
Profit for the period	-	50,136	50,136
Balance at 31 December 2016	1	50,136	50,137

Notes to the Financial Statements

1. Company status

Hogan Lovells Services (South Africa) Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The company is registered in England and Wales. The functional currency is ZAR. The address of the company's registered office is shown on page 3. The nature of the company's operations and its principal activities are set out in the strategic report on page 4.

2. Accounting policies

The principal accounting policies adopted are described below. They have all been applied consistently throughout the current and previous years.

Basis of preparation

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with applicable United Kingdom accounting standards and the requirements of the Companies Act 2006.

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

As permitted by FRS 101, the company has taken advantage of certain disclosure exemptions available under that standard and in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Hogan Lovells International LLP.

Turnover

Turnover consists of fees chargeable for the provision of services during the financial year to Hogan Lovells International LLP, the ultimate controlling party, excluding value added tax. Turnover is recognised when the relevant services are performed. All turnover is derived in South Africa.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over the estimated useful economic lives as follows:

Land and Buildings	5 years
Computer equipment	3 years
Fixtures and fittings	5 years

Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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. An impairment

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

loss is recognised as an expense immediately.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Pensions

Hogan Lovells International LLP operates on behalf of Hogan Lovells Services a defined benefit scheme and two defined contribution schemes. Hogan Lovells International LLP manages the obligations relating to these schemes and levies an annual management fee to the company for these services. The management fee represents the level of contributions due under the defined benefit scheme, as calculated by a professionally qualified, independent actuary and the amounts due to the defined contribution schemes according to those schemes' rules. The full disclosures can be found in the Hogan Lovells International LLP consolidated financial statements.

Debtors and Creditors

Debtors are initially recognised at fair value, and are subsequently reduced for estimated irrecoverable amounts.

Creditors are initially measured at fair value, and are subsequently reduced for discounts given by suppliers.

Amounts owed to group undertakings are repayable on demand and do not attract interest.

3. Critical accounting judgements and key sources of estimation

Owing to the simple nature of the business, the directors do not consider the preparation of these accounts to require any critical accounting judgements of key sources of estimation.

4. Auditor's remuneration

The results are stated after charging auditor's remuneration of £5,795 (year ended 30 April 2016: £5,700) for the audit of the financial statements. No amounts were charged in respect of other services provided by the auditor, in either the current or previous year.

Notes to the Financial Statements (continued)

5. Operating Profit

	8 months ended 31 December 2016 £	Year ended 30 April 2016 £
Operating profit is stated after charging:		
Operating lease payments		
- land and buildings	120,944	163,408
Depreciation	165,938	232,868
Fees payable to Deloitte LLP for the audit of the LLP financial statements	5,795	5,700

6. Staff Costs

	8 months ended 31 December 2016 £	Year ended 30 April 2016 £
The costs incurred in respect of employees were:		
Wages and salaries	814,646	699,309
Social security costs	10,665	13,445
Pension costs	48,859	38,344
Other costs	15,954	1,289
	890,124	752,387

The average number of persons employed by the company during the period was 84 (year ended 30 April 2016: 56) all of whom were engaged in the provision of services.

7. Directors' remuneration

During their period in office none of the directors received any remuneration during the current or preceding period for their services to the company.

Notes to the Financial Statements (continued)

8. Tax on profit on ordinary activities

	8 months ended 31 December 2016 £	Year ended 30 April 2016 £
Corporation tax:		
UK corporation tax charge/(credit)	15,648	15,804
Double tax relief	(15,648)	(15,804)
Foreign tax	21,907	15,804
Adjustments in respect of prior years		
- Foreign tax	6,196	(4,235)
Total tax charge	28,103	11,569

Corporation tax is calculated at 20 per cent (PY: 20 per cent) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit in the income statement as follows:

	8 months ended 31 December 2016 £	Year ended 30 April 2016 £
Profit on ordinary activities before taxation	78,239	79,018
Tax at 20% (April 2016: 20%) thereon	15,648	15,804
Effect of different tax rates of operations in other jurisdictions	6,259	-
Adjustment in respect of prior years	6,196	(4,235)
Total tax charge	28,103	11,569

The main rate of UK corporation tax reduced to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. These tax rates will impact the tax liability of the company in future accounting periods.

Notes to the Financial Statements (continued)

9. Tangible fixed assets

	Land and Buildings	Computer equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 May 2016	259,060	452,231	215,384	926,675
Additions	65,586	39,169	15,062	119,817
At 31 December 2016	324,646	491,400	230,446	1,046,492
Depreciation				
At 1 May 2016	63,548	223,365	53,188	340,101
Charge for the year	34,713	100,908	30,317	165,938
At 31 December 2016	98,261	324,273	83,505	506,039
Net book value				
At 31 December 2016	226,385	167,127	146,941	540,453
At 30 April 2016	195,512	228,866	162,196	586,574

10. Operating Lease

At 31 December 2016 the company had outstanding commitments for future minimum lease payments under a non-cancellable operating lease, which falls due as follows:

	Land and buildings	Land and buildings
	31 December 2016	30 April 2016
	£	£
Within one year	295,704	164,908
Within two to five years	2,559,848	278,668
In more than five years	7,625,805	-
	10,481,357	443,576

11. Capital commitments

At the year-end the group had contracted to spend £1.198m on property fit out costs and associated professional fees (year ended 30 April 2016: £0.5m). These amounts were not provided for in the financial statements.

Notes to the Financial Statements (continued)

12. Called up Share capital

	31 December 2016	30 April 2016
	£	£
Allotted, called up and fully paid:		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

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

13. Related party transactions and controlling party

The company is controlled by Hogan Lovells International LLP. Its registered office is Atlantic House, Holborn Viaduct, London EC1A 2FG. Hogan Lovells International LLP is the immediate and ultimate parent undertaking and is the head of the only group including Hogan Lovells Services (South Africa) Limited which prepares consolidated financial statements.