Norton Rose Fulbright Development Services Limited

Annual report and financial statements

For the year ended 30 April 2018

Registered number: 09746901

Norton Rose Fulbright Development Services Limited

Contents

Norton Rose Fulbright Development Services Limited

Officers and professional advisers

Directors

Roderick John Harrington	
Lona Tracee Whitley	
John Robert Lloyd Berriman	(resigned 31 March 2018)
Robert Arthur Otty	
Bradley John Hayden	
Lindon Brett Egan	(appointed 1 September 2017 and resigned 11 June 2018)
Gert Jacobus Botha	(appointed 26 July 2017 and resigned 11 June 2018)
Andrew Elliot Baxter	(resigned 30 June 2017)
Anthony Clive Lincoln Brennan	(resigned 31 August 2017)
Victor Manuel Nunez	(appointed 9 April 2018)
Mark Hamish Gilbert	(appointed 11 June 2018 and resigned 31 October 2018)
David Richard Willimott	(appointed 11 June 2018)
Maurae Wooding	(appointed 1 November 2018)

Company Secretary

Norose Company Secretarial Services Limited

Registered Office

3 More London Riverside
London
SE1 2AQ

Bankers

HSBC UK Bank Plc
60 Queen Victoria Street
London
EC4N 4TR

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Norton Rose Fulbright Development Services Limited

Strategic report

Review of the business

The principal activity of the Company is to invest in areas of strategic importance to the members of Norton Rose Fulbright Verein.

Review of activities, key performance indicators and future prospects

The results of the Company for the year, as set out on page 9, show a loss on ordinary activities before taxation of £1,440,000 (2017: £6,128,000). The shareholders' deficit of the Company totals £9,662,000 (2017: £8,522,000).

The Directors are satisfied with the performance of the Company during the year and of its position at the year end. The Company was established to invest in areas of strategic importance to the members of Norton Rose Fulbright Verein. Such investment activity results in the need for expenditure, both operational and capital in nature, to bring strategic projects into an operational state. Revenue is re-charged to the members of Norton Rose Fulbright Verein once respective strategic projects become operational and will be generated over a number of years. Investments made prior to the balance sheet date began to realise revenue streams during the financial year and as a result turnover increased significantly to £23,253,000 (2017: £10,769,000) with operating losses narrowing to £494,000 (2017: £5,474,000).

The balance sheet shows a shareholders' deficit of the Company totalling £9,962,000 (2017: £8,522,000). The deficit is reflective of the fact that the Company has had to invest significantly since incorporation to the balance sheet date, to bring strategic projects to an operational and hence revenue generating state.

The Company will continue to invest in areas of strategic importance to the members of Norton Rose Fulbright Verein and provide them with similar services in future periods. Given this principal objective, the Company has no meaningful key performance indicators.

All turnover was generated through the provision of services to members of Norton Rose Fulbright Verein.

Principal risks and uncertainties

The Company's activities expose it to a number of financial risks.

The Company is dependent on the financial standing of the members of Norton Rose Fulbright Verein. However given their historical performance, as well as future prospects, there is expected to be no significant risk arising from this dependency.

In addition, the Company has, through its loan facility with HSBC UK Bank Plc, ensured that sufficient liquidity is available to meet foreseeable needs.

Post balance sheet events

Subsequent to the balance sheet date, the Company took up an option to extend the loan facility provided by HSBC UK Bank Plc by £3.9 million. The extension is guaranteed by Norton Rose Fulbright US LLP and Norton Rose Fulbright Canada LLP. The related interest charge and timings of repayment for the extension are calculated by HSBC UK Bank Plc in the same manner as the bank loan outstanding on the balance sheet date.

Approved by the Board on 18 January 2019 and signed on its behalf by:

Robert Arthur Otty

Director

Directors' report

The directors present their annual report on the affairs of Norton Rose Fulbright Development Services Limited ('the Company'), together with the audited financial statements and auditor's report for the year ended 30 April 2018.

Principal activity

The principal activity of the Company is to invest in areas of strategic importance to the members of Norton Rose Fulbright Verein.

Directors

The directors who served throughout the year and up to the date of signing are shown on page 1.

Dividends

No dividends were paid or proposed for payment (2017: £nil).

Events after the balance sheet date

Subsequent to the balance sheet date, the Company took up an option to extend the loan facility provided by HSBC UK Bank Plc by £3.9 million. The extension is guaranteed by Norton Rose Fulbright US LLP and Norton Rose Fulbright Canada LLP. The related interest charge and timings of repayment for the extension are calculated by HSBC UK Bank Plc in the same manner as the bank loan outstanding on the balance sheet date.

Research and development

During the year ended 30 April 2018, the Company's project to develop a global practice management system for the members of Norton Rose Fulbright Verein continued with development proceeding according to plan. The core system was launched during the financial year with enhancement work continuing.

Going concern

Subsequent to the balance sheet date, the Company took up an option to extend the loan facility provided by HSBC UK Bank Plc by £3.9 million. The extension is guaranteed by Norton Rose Fulbright US LLP and Norton Rose Fulbright Canada LLP. In addition, Norton Rose Fulbright LLP and Norton Rose Fulbright Australia agreed to directly provide to the Company additional finance amounting to £3.9 million.

The directors have a reasonable expectation that the Company will be able to meet working capital liabilities through this additional financing, together with the normal cyclical nature of receipts and payments. As a result the directors believe that the Company have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Norton Rose Fulbright Development Services Limited

Directors' report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company signed a five year loan facility agreement with HSBC UK Bank Plc on 31 March 2016. The terms of the facility agreement permit the Company to request extending this to a seven year facility. The first option to extend the facility from five to six years occurred during the financial year ending 30 April 2017 and the company took advantage of the option. The second option to extend the facility from six to seven years occurred during the financial year ending 30 April 2018 and the company took advantage of the option.

Directors' and officers' liability insurance

Directors' and Officers' liability insurance is taken out by Norton Rose Fulbright Verein, or its members as appropriate.

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 the steps that he/she ought to have taken as a director in order to make himself/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 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board and signed on its behalf by:

Robert Arthur Otty

Director

Date: 18 January 2019

3 More London Riverside, London SE1 2AQ

Norton Rose Fulbright Development Services Limited

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

Independent auditor's report to the members of Norton Rose Fulbright Development Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its loss 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 Norton Rose Fulbright Development Services Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Norton Rose Fulbright Development Services Limited (continued)

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 for the financial statements is located on the Financial Reporting Council's website at: 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Independent auditor's report to the members of Norton Rose Fulbright Development Services Limited (continued)

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.

J Black

Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 18 January 2019

Profit and loss account
For the year ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	23,253	10,769
Cost of sales		(23,577)	(16,069)
Gross loss		(324)	(5,300)
Administrative expenses		(170)	(174)
Operating loss		(494)	(5,474)
Finance costs	4	(946)	(654)
Loss on ordinary activities before taxation	5	(1,440)	(6,128)
Tax on loss on ordinary activities	9	-	-
Loss for the financial year attributable to the equity shareholders of the Company		(1,440)	(6,128)

The loss for the financial year attributable to the equity shareholders of the Company is also equal to the total comprehensive income attributable to equity shareholders of the Company. The result for the year is derived from continuing operations.

Norton Rose Fulbright Development Services Limited

Balance sheet
At 30 April 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	10	46,222	28,260
Tangible assets	11	563	606
		46,785	28,866
Current assets			
Debtors	12	13,348	8,077
Cash at bank and in hand		2,173	731
		15,521	8,808
Creditors: amounts falling due within one year	13	(22,807)	(3,645)
Net current assets		(7,286)	5,163
Total assets less current liabilities		39,499	34,029
Creditors: amounts falling due after more than one year	14	(49,461)	(42,551)
Net liabilities		(9,962)	(8,522)
Capital and reserves			
Called-up share capital	15	-	-
Profit and loss account	15	(9,962)	(8,522)
Shareholders' deficit		(9,962)	(8,522)

The financial statements of Norton Rose Fulbright Development Services Limited (registered number 09746901) were approved by the board of directors and authorised for issue on 18 January 2019.

They were signed on its behalf by:

Robert Arthur Otty

Director

Norton Rose Fulbright Development Services Limited

Statement of changes in equity
At 30 April 2018

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 May 2016	-	(2,394)	(2,394)
Loss for the year	-	(6,128)	(6,128)
Total comprehensive income	-	(6,128)	(6,128)
At 1 May 2017	-	(8,522)	(8,522)
Loss for the year	-	(1,440)	(1,440)
Total comprehensive income	-	(1,440)	(1,440)
At 30 April 2018	-	(9,662)	(9,662)

Notes to the financial statements
For the year ended 30 April 2018

1. *Accounting policies*

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

a. General information and basis of accounting

Norton Rose Fulbright Development Services Limited ('the Company') is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and 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 Directors' Report on page 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. The Company is consolidated in the financial statements of its parent, Norton Rose Fulbright Development Holdings Limited. Exemptions have been taken in relation to presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The directors have a reasonable expectation that the Company will be able to meet working capital liabilities through available capacity within the external (HSBC UK Bank Plc) bank loan, the additional finance made available (post balance sheet date) by Norton Rose Fulbright LLP and Norton Rose Fulbright Australia together with the normal cyclical nature of receipts and payments. As a result the directors believe that the Company have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual financial statements.

c. Intangible assets – research and development

Research expenditure is written off as incurred and is charged to cost of sales. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill as an intangible asset and amortised over the period during which the Company is expected to benefit, commencing once the individual projects are deemed to be fully operational. This period is five years. Provision is made for any impairment. Capitalised development costs are not treated for dividend purposes as a realised loss.

d. Tangible fixed assets

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

Information technology 3-5 years

Information technology includes computer hardware and integrated software.

e. Financial instruments

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

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Notes to the financial statements (continued)
For the year ended 30 April 2018

1. Accounting policies (continued)

f. 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 balance sheet 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 are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Debt instruments that have no stated interest rate (and do not constitute financing transactions) 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.

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.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)
For the year ended 30 April 2018

1. Accounting policies (continued)

g. Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

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 is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the 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 recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Notes to the financial statements (continued)

For the year ended 30 April 2018

1. Accounting policies (continued)

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

l. Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

m. Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

n. Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting 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.

a. Critical judgements in applying accounting policies

Capitalisation of intangible assets

Determining whether or not expenditure should be capitalised as an intangible asset or expensed to the profit and loss account requires judgement to ensure that expenditure is only capitalised from the development phase of any strategic initiative and when it is probable that future economic benefits attributable to the asset will flow to the Company and that the cost of such expenditure can be measured reliably.

Notes to the financial statements (continued)
For the year ended 30 April 2018

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

b. Key areas of estimation uncertainty

In the opinion of the directors there are no keys sources of estimation uncertainly that are made in applying the Company's accounting policies.

3. Turnover and revenue

An analysis of the Company's turnover by geographical market is set out below.

	2018 £'000	2017 £'000
Turnover:		
United Kingdom	9,189	3,919
Rest of World	14,064	6,850
	23,253	10,769

All turnover is generated from continuing operations and in the rendering of services.

4. Finance costs

	2018 £'000	2017 £'000
Interest payable and similar charges on bank loan	946	654

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets (note 11)	319	150
Amortisation of intangible assets (note 10)	3,296	-

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2018 £'000	2017 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	10	5
Taxation compliance services	4	2
	14	7

7. Staff numbers and costs

The Company does not directly employ staff. Consequently the average number of employees was nil.

Notes to the financial statements (continued)
For the year ended 30 April 2018

8. Directors' remuneration and transactions

The directors received no remuneration for services to the company (2017: £nil)

9. Tax on loss on ordinary activities

The tax charge comprises:

	2018 £'000	2017 £'000
Current tax on loss on ordinary activities		
UK corporation tax	-	-
Total current tax	-	-
Total tax on loss on ordinary activities	-	-

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(1,440)	(6,128)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19 (2017:19/20 per cent)	(274)	(1,221)
Effects of:		
- Tax losses carried forward on which deferred tax is not recognised	237	1,355
- Differences in tax rates	37	(134)
Total tax charge for year	-	-

Factors that affect future tax charges

On 1st April 2017 the main rate of UK corporation tax reduced from 20% to 19% and has remained at this level throughout the current financial year. The main rate of UK corporation tax, as outlined in The Finance Bill 2017, reduces to 17% from 19% on 1st April 2020. Deferred tax assets and liabilities have therefore been measured at 17% (2017: 18%) as it is anticipated the timing differences will reverse at this point.

Deferred tax

The Company has a potential deferred tax asset arising on brought forward and current year losses that will be carried forward and made available to offset against future profits of the same trade. A potential deferred tax asset of £1,694,000 has been calculated using the substantively enacted rate of 17% at the date of the balance sheet. However, this deferred tax asset has not been recognised as there is no suitably reliable estimate which suggests that the Company will be profit-making in the near future.

Notes to the financial statements (continued)
For the year ended 30 April 2018

10. Intangible fixed assets

	Software £'000
Cost	
At 1 May 2017	28,260
Additions	21,258
At 30 April 2018	49,518
Amortisation	
At 1 May 2017	-
Charge for the year	3,296
At 30 April 2018	3,296
Net book value	
At 30 April 2018	46,222
At 30 April 2017	28,260

11. Tangible fixed assets

	Information technology £'000
Cost	
1 May 2017	756
Additions	276
At 30 April 2018	1,032
Depreciation	
At 1 May 2017	150
Charge for the year	319
At 30 April 2018	469
Net book value	
At 30 April 2018	563
At 30 April 2017	606

Notes to the financial statements (continued)
For the year ended 30 April 2018

12. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	10,810	6,447
Other taxes and social security	38	362
Prepayments and accrued income	2,500	1,268
	13,348	8,077

13. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank loan	12,240	-
Trade creditors	3,768	781
Accruals and deferred income	6,799	2,864
	22,807	3,645

14. Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Bank loan	49,461	42,551

The bank loan has been guaranteed by member firms: Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright US LLP.

Interest is payable at a variable rate of LIBOR + 1.25% on the principal amount drawn down under the facility. Interest is charged at 0.60% on any amounts available under the facility but un-drawn.

The bank loan is repayable as follows:

	2018 £'000	2017 £'000
Bank loan		
Within one year	12,240	-
Between one and two years	12,240	10,638
Between two and five years	37,221	31,913
	61,701	42,551

Notes to the financial statements (continued)
For the year ended 30 April 2018

15. Called-up share capital and reserves

	2018 £'000	2017 £'000
Allotted, called-up and fully-paid		
2 ordinary shares of £1 each	-	-

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

The profit and loss reserve represents cumulative losses.

16. Related party transactions

The members of Norton Rose Fulbright Verein ultimately control the Company.

The members of Norton Rose Fulbright Verein are not considered to be related parties under FRS 102.

17. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and ultimate controlling party is Norton Rose Fulbright Development Holdings Limited. This is also the only group which prepares consolidated financial statements which include the results of the Company.

Copies of the group financial statements can be obtained from 3 More London Riverside, London SE1 2AQ, the registered office of the parent undertaking.