

CMS Cameron McKenna Nabarro Olswang LLP

**Annual report and consolidated financial
statements**

Year ended

30 April 2019

Registration No: OC310335



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Officers and Professional Advisers

Registered No: OC310335

Designated members

S S A Millar

S P Warne

Auditor

Deloitte LLP

Statutory Auditor

London

United Kingdom

Bankers

Royal Bank of Scotland

London City Office

62-63 Threadneedle Street

London

EC2R 8LA

Lloyds Banking Group

39 Threadneedle Street

London

EC2R 8AU

Registered office

Cannon Place

78 Cannon Street

London

EC4N 6AF

Members' Report

Year ended 30 April 2019

The Board is pleased to present its annual report together with the financial statements and auditor's report for the year ended 30 April 2019.

Group structure

The Group (the "Group") financial statements consolidate the financial statements of CMS Cameron McKenna Nabarro Olswang LLP (the "LLP") and its subsidiary undertakings.

During the year, the Group had offices in the following locations:

- London, Aberdeen, Bristol, Edinburgh, Glasgow, Liverpool, Manchester, Reading and Sheffield;
- Bratislava, Brussels, Bucharest, Budapest, Istanbul, Kyiv, Munich, Sofia, Poznan, Prague and Warsaw;
- Dubai, Muscat and Tehran (closed July 2018); and
- Hong Kong, Singapore, Beijing and Rio de Janeiro.

The Group has an interest in a joint venture that provides legal and tax services in Moscow, which is jointly controlled by the LLP and two other participating firms from the CMS network. The Group also has an agreement to provide legal and tax services in Istanbul and Hong Kong with other participating firms from the CMS network.

The Group is a founding partner of the CMS network, which is an organisation of 15 independent law firms that operate under the CMS brand across Europe.

The term 'member' in this document is used to refer only to a member of the LLP. A list of members' names is available for inspection at Cannon Place, 78 Cannon Street, London EC4N 6AF, which is also the registered office and principal place of business of CMS Cameron McKenna Nabarro Olswang LLP. More information about the LLP is available on its website www.cms-cmno.com.

Principal activity

The Group's principal activity is the provision of legal and tax services.

Review of the business and future developments

The LLP's business plan is to continue to invest and grow in particular in its existing locations and key sectors while retaining appropriate profitability.

Following the decision of the UK to leave the EU, the Board has carried out such preparation work as is possible to ensure that client services will not be impacted to a significant degree. As further details are clarified, the Board will continue to monitor the situation.

The results for the year and financial position at the end of the year are considered satisfactory by the members who expect continued profitable trading for the foreseeable future.

The results for the year are set out on page 10. The members regard the results and future prospects to be satisfactory. Refer to Note 1 for detail on the adoption of the going concern basis.

Members' Report

Year ended 30 April 2019

Designated Members

The Designated Members who served throughout the year and subsequently were:

Susan Penelope Warne – Senior Partner

Stephen Samuel Alexander Millar – Managing Partner

Members' drawings, profit share and capital subscriptions

The LLP's policies on members' drawings and profit distribution incorporate consideration of the working capital needs of the business. Members draw a proportion of their profit share in monthly instalments during the year in which profit is earned. These drawings represent payments on account and may be reclaimed from members until profits have been divided.

The balance of profit, net of retention for UK income tax, is paid to members in instalments after the end of the year subject to the cash requirements of the LLP. Tax retentions are paid to the relevant tax authorities on behalf of members when they fall due with any excess released to members as appropriate.

The level of members' capital is determined by the members from time to time having regard to the short, medium and long term needs of the business. Capital is repaid to members on retirement from the LLP.

Audit and Risk Committee

The Audit and Risk Committee (the "Committee") has five members and is chaired by Caryn Penley, a member of the LLP. The terms of reference of the Committee include the review of the Group's financial statements and to receive reports from the external auditor regarding their findings from the audit. The Committee also considers the scope, results and effectiveness of the external audit including review of the independence of the external auditor, non-audit services and fees. The Finance Director, General Counsel and other senior personnel, together with the external auditor, attend Committee meetings by invitation.

Diversity and inclusion

The Group's diversity and inclusion programme has the objective of developing and supporting an inclusive workplace that recognises high performance regardless of an individual's race, colour, age, religion or belief, gender, gender identity, gender expression, marital or civil partner status, ethnic or national origin, physical or mental disability, sexual orientation, and pregnancy or maternity status. The programme is led by the Diversity and Inclusion Committee which includes senior leaders of the Group and it is further embodied in the Group's eight employee network groups comprising: Christian, Hindu, Muslim, Jewish, Disability, LGBT, Black Asian Minority Ethnic and Women's Network.

Members' Report

Year ended 30 April 2019

Diversity and inclusion (continued)

The Group has an Equality and Diversity policy which supports the Group's commitment to recruiting, retaining and developing talented people. The policy details how equality and inclusiveness underpin the Group's business decisions in all areas affecting its people such as recruitment, selection, training, promotion, redeployment and terms and conditions of employment. The Group's employee commitment statement is designed to set down basic principles which encourage diversity within the workplace.

Community investment

The Group is committed to the delivery of effective community involvement schemes, informed charitable giving and sound pro bono legal and non-legal support to individuals and community groups. Establishing employee volunteering programmes, offering the Group's professional services for free and organising charitable fundraising initiatives creates valuable opportunities for personal development and teamwork for everyone across the Group.

To help meet these objectives, the Group's Corporate Responsibility ("CR") policy encourages all partners and employees to participate in at least 50 hours of CR activity per person per year. The Group offers its employees a menu of initiatives to participate in that are arranged through its CR partnerships with the Citizenship Foundation, Inspire!, East London Business Alliance (ELBA) and pro bono charities TrustLaw and LawWorks and providing local legal advice clinics in Islington, London. The Group is also a participant of the Corporate Responsibility Group and CR Legal Network which allows it to collaborate with other organisations on joint CR initiatives.

During the year, Group employees and partners contributed 30,215 hours of working time (2018 - 22,027 hours) to community and charitable activities.

Employee consultation

The Group places considerable value on the involvement and input of all employees demonstrated through a number of communication channels.

The Group's intranet homepage - Compass - is updated on a daily basis with typically two to three stories, which communicates important messages to staff, such as CR and diversity messages, client events, staff training, recognition and success, as well as messages from senior management. Particularly important messages are communicated by our Senior or Managing Partner via email to all staff internally. Each year, our annual review is distributed internally to all employees which highlights the Group's success over the past year. In our head office, London Cannon Place, there is a particular emphasis on digital communications, and important messages are displayed electronically via screens in communal areas such as tea points and our staff restaurant. The Managing Partner holds frequent meetings, which typically occur monthly with a small group of associates and lawyers, from across different practice areas, in order for them to find out more about the firm's priorities, provide any feedback, and ask any questions. Employees across the Group are also given the opportunity to provide feedback, through our internal staff survey, which is typically distributed bi-annually. This is used to set priorities and addresses issues identified by employees.

Members' Report

Year ended 30 April 2019

The Group's UK Staff Forum provides an established forum for the joint review of the Group's strategy, its performance and employment policies. The Forum consists of elected employee representatives from each department, jurisdiction and from various levels of seniority. Meetings of the Forum are normally chaired by the Head of the Group's HR department with regular attendance by its Director of People and Managing Partner.

Donations

During the year the Group made charitable donations totalling £567,000 (2018 – £351,000). It did not make any political donations in either year.

Supplier payment policy

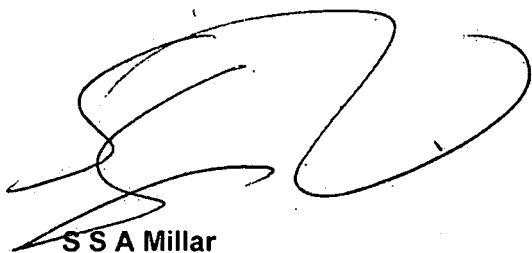
The Group seeks to make prompt settlement of supplier invoices, subject to the goods and services received being in accordance with agreed terms. The number of days between receipt of invoices and date of payment, calculated by reference to the amount owed to trade creditors at the year end as a proportion of the total amount invoiced by suppliers during the year, was 67 days (2018 – 62 days).

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint Deloitte LLP as the Group's auditor will be proposed at the next members' meeting.

Approval

Approved by the members and signed on their behalf by:



S S A Millar
Managing Partner

Date: 27 January 2020

Members' Responsibilities Statement

Year ended 30 April 2019

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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. The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 LLP or Group will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are discharged by the Board on behalf of the members and exercised through the Audit and Risk Committee.

**Independent auditor's report to the members of CMS Cameron McKenna
Nabarro Olswang LLP
Year ended 30 April 2019**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CMS Cameron McKenna Nabarro Olswang LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 2019 and of the group's 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 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in members' interests;
- the consolidated cash flow statement; and
- the related notes 1 to 22.

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 group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

**Independent auditor's report to the members of CMS Cameron McKenna
Nabarro Olswang LLP
Year ended 30 April 2019**

Conclusions relating to going concern

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

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent limited liability partnership'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.

Other information

The members 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 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 members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the group's and the parent limited liability partnership'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 members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

**Independent auditor's report to the members of CMS Cameron McKenna
Nabarro Olswang LLP
Year ended 30 April 2019**

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; 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.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Saunders (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 27 January 2020

Consolidated Profit and Loss Account
Year ended 30 April 2019

	Notes	2019 £'000	2018 £'000
Turnover: Group and share of joint ventures		549,056	521,878
Less: Share of joint ventures turnover		(3,679)	(4,310)
Group turnover	3	545,377	517,568
Staff and related costs		(218,556)	(202,798)
Depreciation	10	(12,292)	(12,552)
Other operating expenses		(121,712)	(142,295)
Group operating profit		192,817	159,923
Share of operating profit / (loss) in joint ventures		405	(803)
Interest receivable and similar income	4	1,031	365
Interest payable and similar charges	4	(7,178)	(8,170)
Profit before taxation, members' remuneration and profit shares	5	187,075	151,315
Taxation on profit of the subsidiaries	8	(596)	(405)
Profit before members' remuneration and profit shares		186,479	150,910
Members' remuneration charged as an expense		(24,636)	(27,611)
Profit for the financial year available for discretionary division among members		161,843	123,299

All results relate to continuing activities.

Consolidated Statement of Comprehensive Income
Year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Profit for the financial year available for discretionary division among members		161,843	123,299
Currency translation difference on foreign operations		(407)	484
Total remeasurement of the net defined benefit asset	19	(3,781)	11,177
Total comprehensive income		<u>157,655</u>	<u>134,960</u>

Consolidated Balance Sheet

As at 30 April 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	47,735	51,806
Share of joint venture	11	1,003	1,283
Other investments	11	242	242
		<u>48,980</u>	<u>53,331</u>
Current assets			
Debtors	12	256,969	257,094
Cash at bank and in hand		45,046	28,705
		<u>302,015</u>	<u>285,799</u>
Creditors: amounts falling due within one year	13	<u>(110,826)</u>	<u>(142,966)</u>
Net current assets		<u>191,189</u>	<u>142,833</u>
Total assets less current liabilities		<u>240,169</u>	<u>196,164</u>
Creditors: amounts falling due after more than one year			
	14	(26,353)	(29,387)
Provision for liabilities	15	(15,076)	(25,631)
Retirement benefit liabilities	19	-	(879)
Net assets attributable to members		<u>198,740</u>	<u>140,267</u>
Represented by: Loans and other debts due to members within one year			
Members' capital classified as a liability		50,675	53,454
Other amounts		17,673	11,880
		<u>68,348</u>	<u>65,334</u>
Members' other interests			
Other reserves classified as equity		130,392	74,933
		<u>198,740</u>	<u>140,267</u>
Total Members' Interests			
Amounts due from members		(18,283)	(16,738)
Loans and other debts due to members		68,348	65,334
Other reserves		130,392	74,933
		<u>180,457</u>	<u>123,529</u>

The financial statements of CMS Cameron McKenna Nabarro Olswang LLP registered number OC310335, on pages 10 to 53 were approved by the members and authorised for issue and signed on their behalf on 27 January 2020 by:


S P Warner
Senior Partner


S S A Millar
Managing Partner

Limited Liability Partnership Balance Sheet

As at 30 April 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	42,368	48,678
Share of joint venture	11	1,003	1,283
Other investments	11	4,520	4,520
		<u>47,891</u>	<u>54,481</u>
Current assets			
Debtors	12	226,883	238,239
Cash at bank and in hand		34,839	19,414
		<u>261,722</u>	<u>257,653</u>
Creditors: amounts falling due within one year	13	<u>(125,930)</u>	<u>(162,211)</u>
Net current assets		<u>135,792</u>	<u>95,442</u>
Total assets less current liabilities		<u>183,683</u>	<u>149,923</u>
Creditors: amounts falling due after more than one year	14	<u>(26,353)</u>	<u>(29,387)</u>
Provision for liabilities	15	<u>(10,961)</u>	<u>(10,969)</u>
Retirement benefit liabilities	19	<u>-</u>	<u>(879)</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>146,369</u>	<u>108,688</u>
Represented by: Loans and other debts due to members within one year			
Members' capital classified as a liability		50,675	53,454
Other amounts		17,673	11,880
		<u>68,348</u>	<u>65,334</u>
Members' other interests			
Other reserves classified as equity		78,021	43,354
		<u>146,369</u>	<u>108,688</u>
TOTAL MEMBERS' INTERESTS			
Amounts due from members		(18,283)	(16,738)
Loans and other debts due to members		68,348	65,334
Other reserves		78,021	43,354
		<u>128,086</u>	<u>91,950</u>

CMS Cameron McKenna Nabarro Olswang LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its profit for the year available for discretionary division among members was £157,391,000 (2018: £122,191,000 restated, see page 17). The financial statements of CMS Cameron McKenna Nabarro Olswang LLP registered number OC310335, on pages 10 to 53 were approved by the members and authorised for issue and signed on their behalf on 27 January 2020 by:


S P Warne
Senior Partner


S S A Millar
Managing Partner

Consolidated statement of changes in members' interests
Year ended 30 April 2019

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
Members' interests at 1 May 2018	587	74,346	74,933	53,454	(4,858)	123,529
Members' remuneration charged as an expense	-	-	-	-	24,636	24,636
Profit for the financial year available for discretionary division among members	-	161,843	161,843	-	-	161,843
Members' interests after profit for the year	587	236,189	236,776	53,454	19,778	310,008
Currency translation difference on foreign operations	(407)	-	(407)	-	-	(407)
Remeasurement of net defined benefit asset	-	(3,781)	(3,781)	-	-	(3,781)
Members' interests after comprehensive income for the year	180	232,408	232,588	53,454	19,778	305,820
Allocated profits in respect of the prior year	-	(102,196)	(102,196)	-	102,196	-
Members' capital introduced	-	-	-	2,225	-	2,225
Members' capital repaid	-	-	-	(4,786)	-	(4,786)
Drawings and other payments to and on behalf of members	-	-	-	-	(122,584)	(122,584)
Reclassification of members' balances	-	-	-	(218)	-	(218)
Balance at 30 April 2019	180	130,212	130,392	50,675	(610)	180,457
Represented by:						
Amounts due to members					17,673	
Amounts due from members					(18,283)	
					(610)	

Consolidated statement of changes in members' interests
Year ended 30 April 2018

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
Members' interests at 1 May 2017	103	65,356	65,459	28,368	(17,694)	76,133
Introduced on acquisition	-	38,409	38,409	30,809	(32,663)	36,555
Members' remuneration charged as an expense	-	-	-	-	27,611	27,611
Profit for the financial year available for discretionary division among members	-	123,299	123,299	-	-	123,299
Members' interests after profit for the year	103	227,064	227,167	59,177	(22,746)	263,598
Currency translation difference on foreign operations	484	-	484	-	-	484
Remeasurement of net defined benefit asset	-	11,177	11,177	-	-	11,177
Members' interests after comprehensive income for the year	587	238,241	238,828	59,177	(22,746)	275,259
Allocated profits in respect of the prior year	-	(163,895)	(163,895)	-	163,895	-
Members' capital introduced	-	-	-	4,989	-	4,989
Members' capital repaid	-	-	-	(10,466)	-	(10,466)
Drawings and other payments to and on behalf of members	-	-	-	-	(146,007)	(146,007)
Reclassification of members' balances	-	-	-	(246)	-	(246)
Balance at 30 April 2018	587	74,346	74,933	53,454	(4,858)	123,529
Represented by:						
Amounts due to members					11,880	
Amounts due from members					(16,738)	
					(4,858)	

Limited Liability Partnership statement of changes in members' interests
Year ended 30 April 2019

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
Members' interests at 1 May 2018	587	42,767	43,354	53,454	(4,858)	91,950
Members' remuneration charged as an expense	-	-	-	-	24,636	24,636
Profit for the financial year available for discretionary division among members	-	157,391	157,391	-	-	157,391
Members' interests after profit for the year	587	200,158	200,745	53,454	19,778	273,977
Currency translation difference on foreign operations	84	-	84	-	-	84
Remeasurement of net defined benefit asset	-	(3,781)	(3,781)	-	-	(3,781)
Members' interests after comprehensive income for the year	671	196,377	197,048	53,454	19,778	270,280
Allocated profits in respect of the prior year	-	(102,196)	(102,196)	-	102,196	-
Members' capital introduced	-	-	-	2,225	-	2,225
Members' capital repaid	-	-	-	(4,786)	-	(4,786)
Drawings and other payments to and on behalf of members	-	-	-	-	(122,584)	(122,584)
Reclassification of members' balances	-	-	-	(218)	-	(218)
Other movements	-	(16,831)	(16,831)	-	-	(16,831)
Balance at 30 April 2019	671	77,350	78,021	50,675	(610)	128,086

Represented by:

Amounts due to members

17,673

Amounts due from members

(18,283)

(610)

Limited Liability Partnership statement of changes in members' interests
Year ended 30 April 2018

	Currency retranslation reserve £'000	Other reserves £'000	Total members' other interests £'000	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000
Members' interests at 1 May 2017	103	51,200	51,303	28,368	(17,694)	61,977
Introduced on acquisition	-	42,181	42,181	30,809	(32,663)	40,327
Members' remuneration charged as an expense	-	-	-	-	27,611	27,611
Profit for the financial year available for discretionary division among members	-	122,191*	122,191	-	-	122,191
Members' interests after profit for the year	103	215,572	215,675	59,177	(22,746)	252,106
Currency translation difference on foreign operations	484	-	484	-	-	484
Remeasurement of net defined benefit asset	-	11,177	11,177	-	-	11,177
Members' interests after comprehensive income for the year	587	226,749	227,336	59,177	(22,746)	263,767
Allocated profits in respect of the prior year	-	(163,895)	(163,895)	-	163,895	-
Members' capital introduced	-	-	-	4,989	-	4,989
Members' capital repaid	-	-	-	(10,466)	-	(10,466)
Drawings and other payments to and on behalf of members	-	-	-	-	(146,007)	(146,007)
Reclassification of members' balances	-	-	-	(246)	-	(246)
Other movements	-	(20,087)*	(20,087)	-	-	(20,087)
Balance at 30 April 2018	587	42,767	43,354	53,454	(4,858)	91,950
Represented by:						
Amounts due to members					11,880	
Amounts due from members					(16,738)	
					(4,858)	

- * In the prior year, other movements on other reserves had been netted off within profit for the financial year available for discretionary division among members. The re-presentation above has grossed up the profits to £122,191,000 and the other movements of £20,087,000 is presented separately. This has no effect on the balance sheet, net assets, or opening reserves.

Consolidated Cash Flow Statement
For the year ended 30 April 2019

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	17	194,711	150,391
Cash flows from investing activities			
Purchase of tangible fixed assets and investments		(7,536)	(16,979)
Acquisitions - net cash acquired with Nabarro LLP and Olswang LLP		-	13,380
Interest received		924	343
Net cash flows used in investing activities		(6,612)	(3,256)
Cash flows from financing activities			
Drawings and distributions		(102,508)	(116,459)
Payments on behalf of members		(20,995)	(31,027)
Capital contributions by members		2,225	4,989
Capital repayments to members		(4,786)	(10,466)
Interest received from members		800	700
Payments to former members		(113)	(779)
Interest paid		(7,178)	(7,601)
Net cash flows used in financing activities		(132,555)	(160,643)
Net increase/(decrease) in cash and cash equivalents		55,544	(13,508)
Effect of foreign exchange rate changes		(407)	484
Cash and cash equivalents at beginning of year		(10,091)	2,933
Cash and cash equivalents at the end of the year		45,046	(10,091)
Cash and cash equivalents comprise:			
Cash at bank and in hand		45,046	28,705
Bank overdraft facility		-	(38,796)
Cash		45,046	(10,091)

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and in the preparation of the comparative figures.

a. General information and basis of accounting

CMS Cameron McKenna Nabarro Olswang LLP ("the LLP") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the members' report on pages 2 to 5.

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 and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued January 2017).

The functional currency of the LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The LLP 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 separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and all of its subsidiary undertakings, drawn up to 30 April each year. No individual profit and loss account is presented for the LLP, as permitted by Section 408 of the Companies Act 2006.

c. Going concern

The Group is financed by members' capital and retained profits and has access to bank facilities to supplement these if required. The bank facilities comprise a Revolving Credit Facility ("RCF") Agreement set up on 29 September 2017. The Agreement provides for a facility of £85m until 29 September 2019 with a step down to £65m for the third year until 29 September 2020 plus £20m of uncommitted overdraft arrangements which are annually renewable. The RCF was stepped down early to £65m from 1 July 2018. As set out in the Members' Report, the Group's policies on members' drawings and profit distribution incorporate consideration of the working capital needs of the business.

The members have a reasonable expectation that the Group will continue in existence for the foreseeable future. For this reason the going concern basis has continued to be adopted in preparing these accounts.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

d. Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets, so as to write off the cost, less the estimated residual value, of tangible fixed assets on a straight-line basis over their estimated useful economic lives, as follows:

Leasehold improvements: over the shorter of 10 years and the remaining period of the lease.

Furniture and equipment: 3 to 5 years on a straight-line basis.

e. Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its 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 Group 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) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

Notes to the Financial Statements
Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

- (d) 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.
- (e) 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.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the 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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

(i) Investments

In the LLP's balance sheet, investments in subsidiaries and joint ventures and associates are measured at cost less impairment.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

f. Joint ventures and associates

In the Group financial statements investments in joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint ventures and associates. Goodwill arising on the acquisition of joint ventures and associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures and associates.

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. Where a reversal of impairment occurs in respect of a Cash Generating Unit (CGU), the reversal is applied first to the assets of the CGU on a pro-rata basis.

Financial assets

For financial assets carried at amortised cost, the amount of an 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, where this effect is deemed material.

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.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

h. Taxation

The taxation payable on the LLP profits is the personal liability of the members, although payment of such liabilities is administered by the LLP on behalf of the members. Consequently, neither LLP taxation nor related deferred taxation is accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies.

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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. Because members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

Amounts due to members after more than one year comprise provisions for annuities to current members which are not payable within twelve months of the balance sheet date.

Members are required to provide capital in proportion to the profit sharing points allocated to them. The amount per point is assessed annually, with any changes usually being effective on 1 May. Members' capital is repaid to members upon cessation of membership of the LLP.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

i. Members' interests (continued)

The members vote to approve the division of earned profit after the balance sheet date. As a result the balance of profit available for division among the members as at 30 April 2019 is included in members' other interests classified as equity. Taxation reserves are divided once paid. Drawings by members on account of profits for the year are included within amounts due from members. In the event of a winding up, members' capital and other reserves (members' other interests) rank after unsecured creditors and other amounts due to members rank equally with unsecured creditors.

j. Divisible profits and members' remuneration

The LLP SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges, the spreading of acquisition integration costs and the treatment of long leasehold interests are all items which may generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been separately included within other amounts in the balance sheet rather than netted off other reserves.

Members' fixed shares of profits (excluding discretionary fixed share bonuses) and interest earned on members' balances are automatically allocated and are treated as members' remuneration charged as an expense to the profit and loss account in arriving at profit available for discretionary division among members.

The remainder of profit shares, which have not been divided until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

k. Turnover

Turnover represents the fair value of legal and tax services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided and expenses incurred. Turnover is stated net of Value Added Tax. Internal expenses incurred and recharged in the course of providing services are included within turnover and the corresponding expenses recognised within operating expenses.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Turnover recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Notes to the Financial Statements
Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

k. Turnover (continued)

Unbilled turnover is included as accrued income within debtors. Accrued income is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

l. Employee benefits

CMS Cameron McKenna Nabarro Olswang Services Limited a wholly owned subsidiary company of the LLP, operates a group personal pension plan ("GPP") for UK employees. The amount charged to the profit and loss account for the GPP represents contributions payable by the employer in the year. Differences between contributions payable in the year and contributions actually paid in the year are shown as either accruals or prepayments in the balance sheet.

The LLP has two defined benefit pension schemes:

- A scheme from the legacy CMS Cameron McKenna business which closed to new entrants in 1997 and closed to future accrual in 2011.
- A scheme from the legacy Nabarro business which closed to new entrants in 2001 and closed to future accrual in 2004.

The amounts charged to operating profit are the costs arising from benefit changes, settlements and curtailments. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs.

The defined benefit schemes are valued every three years by a qualified independent actuary who also prepares interim valuations at the balance sheet date. The assets of the schemes are held separately in trustee administered funds. The scheme operating and financing costs are charged to the profit and loss account in the year in which they arise and are recognised separately. Actuarial gains and losses, including changes in actuarial assumptions and the difference between actual and expected returns on assets during the year, are recognised immediately in other comprehensive income.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

m. Annuity provisions

Provisions are established for agreed future payments in respect of annuities to former and retiring partners. There is not an automatic entitlement of future annuities to current partners.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

n. Foreign currency

Transactions denominated in currencies other than the reporting currency are recorded at the rate of exchange ruling at the date of the transaction. All monetary and non-monetary assets and liabilities not denominated in the reporting currency at the balance sheet date are translated at the rates ruling at that date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised through the profit and loss account 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; and
- in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

o. Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Assets held under finance leases, which are leases where substantially all of the risks and rewards of ownership of the assets have passed to the Group, are capitalised as tangible fixed assets at the fair value and are depreciated over their estimated useful economic lives. The capital elements of future obligations under such leases are included as liabilities whilst the interest element of the obligations is charged to the profit and loss account over the term of the leases and represents a constant proportion of the balance of capital repayments outstanding.

p. Provisions

Provision is made for the best estimate of expected losses from onerous contracts; in particular, in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from sub-tenants.

Provision is made for dilapidations in respect of property leases that contain requirements for the premises to be returned to their original state at the conclusion of the lease term.

The provision for claims represents the estimated cost to LLP or Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

The LLP has conditional commitments to pay annuities to certain people who are: former partners of CMS Cameron McKenna (a predecessor unincorporated partnership), former members of the LLP or widows of such partners and members. A provision is only recognised in the financial statements once the conditions have been met.

Notes to the Financial Statements

Year ended 30 April 2019

1. ACCOUNTING POLICIES (continued)

p. Provisions (continued)

Discounting

Long term provisions are shown at the discounted present value of the expected liability where material. Increases during the period arising from the passage of time and the effect of any change in the discount rate are charged to the profit and loss account and included under the 'Net finance costs' caption.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and LLP's accounting policies, which are described in note 1, the members 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements and estimates that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- **Revenue recognition – accrued revenue**

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year-end, having regard to the Group's accounting policy for revenue recognition.

Key sources of estimation uncertainties in applying the Group's accounting policies

- **Actuarial assumptions**

The measurement of defined benefit obligations is dependent upon material key assumptions, including discount rates, life expectancy rates, future returns on assets and future contribution rates. This liability has been independently valued by actuaries based on information provided by the Group. The assumptions are set out in note 19 and have been determined having taken advice from the independent actuaries.

- **Onerous lease obligations**

The provisions recorded in respect of onerous leases have been made using estimates of future use, and the present value of rental payments and future income.

Notes to the Financial Statements

Year ended 30 April 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainties in applying the Group's accounting policies (continued)

- **Impairment of debtors**

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience. See note 12 for the net carrying amount of the Group's debtors.

- **Measurement of provisions**

The Group's provisions, as set out in note 15 to the financial statements, include provisions for professional indemnity and other commercial claims, and are based on Management's best estimate of future cash flows.

3. TURNOVER

	2019 £'000	2018 £'000
Group turnover		
United Kingdom	468,932	449,109
Outside United Kingdom	76,445	68,459
	<u>545,377</u>	<u>517,568</u>

Turnover represents the fair value of legal and tax services provided during the year on client assignments.

4. NET FINANCE COSTS

Interest receivable and similar income

	2019 £'000	2018 £'000
Bank interest receivable	924	343
Unwinding of discounts on provisions	27	22
Net interest on defined benefit assets and liabilities	80	-
	<u>1,031</u>	<u>365</u>

Notes to the Financial Statements
Year ended 30 April 2019

4. NET FINANCE COSTS (continued)**Interest payable and similar charges**

	2019	2018
	£'000	£'000
Bank loans and overdrafts	(5,830)	(5,346)
Net interest on defined benefit assets and liabilities	-	(407)
Foreign exchange loss	(666)	(1,834)
Other interest and finance costs	(682)	(583)
	<u>(7,178)</u>	<u>(8,170)</u>

5. PROFIT BEFORE TAXATION AND MEMBERS' REMUNERATION AND PROFIT SHARES

Profit on ordinary activities before taxation is stated after charging:

	Note	2019	2018
		£'000	£'000
Depreciation of tangible fixed assets	10	12,292	12,552
Operating lease rentals			
Land and buildings		21,070	16,649
Plant and machinery		4	36
		<u>21,074</u>	<u>16,685</u>

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

	2019	2018
	£'000	£'000
Fees payable to the LLP's auditor for the audit of the Limited Liability Partnership annual accounts	145	158
Audit of subsidiaries	78	77
Total audit fees	<u>223</u>	<u>235</u>
Other assurance services	72	70
Total assurance services	<u>295</u>	<u>305</u>
Taxation compliance services	90	48
Other taxation advisory services	202	283
Total non-audit fees	<u>292</u>	<u>331</u>
Total fees	<u>587</u>	<u>636</u>
Fees payable to the LLP's auditor in respect of associated pension schemes		
Audit	<u>7</u>	<u>9</u>

Notes to the Financial Statements
Year ended 30 April 2019

5. PROFIT BEFORE TAXATION AND MEMBERS' REMUNERATION AND PROFIT
SHARES (continued)

Fees payable to Deloitte LLP for non-audit services to the LLP are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements.

6. STAFF NUMBERS AND COSTS

The average number of people employed during the year (excluding members) was:

	Group		LLP	
	2019	2018	2019	2018
	No.	No.	No.	No.
Fee-earners	1,738	1,551	86	51
Support staff	957	819	54	52
	<u>2,695</u>	<u>2,370</u>	<u>140</u>	<u>103</u>

Staff costs incurred during the year in respect of employees were:

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Salaries	174,094	163,025	5,290	5,002
Social security costs	15,703	15,006	285	311
Pension costs	7,528	6,310	144	121
	<u>197,325</u>	<u>184,341</u>	<u>5,719</u>	<u>5,434</u>

Notes to the Financial Statements

Year ended 30 April 2019

7. MEMBERS' REMUNERATION AND TRANSACTIONS

Profits are shared among the members in accordance with agreed profit sharing arrangements and include interest on members' funds. Profits are divided after the financial statements have been approved by the members.

	2019 No.	2018 No.
Average number of members	373	376

The highest remuneration of a member for the year was £1,083,000 (2018 – £1,001,000).

8. TAX ON PROFIT

Taxation arises within the subsidiary undertakings and overseas entities of the group and represents:

	2019 £'000	2018 £'000
Current tax on profit		
UK corporation tax	499	557
Foreign tax	24	233
Adjustments in respect of prior years		
UK corporation tax	-	(333)
Foreign tax	126	86
Total current tax	649	543
Deferred tax – origination and reversal of timing differences and adjustment in respect of prior year (see note 15)	(53)	(138)
Total tax on profit	596	405

Deferred tax is calculated in full under the liability method on timing differences arising in the corporate subsidiaries.

The tax assessed for the period is higher (higher in 2018) than the standard rate of corporation tax in the UK at the hybrid rate of 19% (19% in 2018).

Notes to the Financial Statements

Year ended 30 April 2019

8 TAX ON PROFIT (continued)

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

	2019 £'000	2018 £'000
Profit before tax of subsidiary undertakings	187,075	151,315
Less: amounts subject to income tax	(191,909)	(148,225)
	<u>(4,834)</u>	<u>3,090</u>
(Loss)/profit of the LLP and corporate subsidiaries subject to taxation		
	<u>(4,834)</u>	<u>3,090</u>
Tax on Group (loss)/profit at standard UK corporation tax rate of 19% (19% in 2018)	(918)	587
Factors affecting the charge for the year:		
- Losses in subsidiary undertakings not relieved	(117)	(584)
- Expenditure not tax deductible	1,873	818
- Different tax rates in other jurisdictions	(203)	(31)
Adjustments to tax charge in respect of previous periods	14	(247)
Deferred tax – origination and reversal of timing differences and adjustment in respect of prior year (see note 15)	(53)	(138)
	<u>596</u>	<u>405</u>
Group total tax charge for period		
	<u>596</u>	<u>405</u>

9. PROFIT OF THE LIMITED LIABILITY PARTNERSHIP

The partnership has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and has not included its own profit and loss account in these financial statements. Its own profit for the year available for discretionary division among members was £157,391,000 (2018: £122,191,000 restated, see page 17).

Notes to the Financial Statements
Year ended 30 April 2019

10. TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 May 2018	49,235	49,672	98,907
Additions	556	7,667	8,223
Disposals	(954)	(2,883)	(3,837)
At 30 April 2019	48,837	54,456	103,293
Depreciation			
At 1 May 2018	12,147	34,954	47,101
Charge for the year	5,589	6,703	12,292
Disposals	(954)	(2,881)	(3,835)
At 30 April 2019	16,782	38,776	55,558
Net book value			
At 30 April 2019	32,055	15,680	47,735
At 30 April 2018	37,088	14,718	51,806

LLP	Leasehold improvements £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 May 2018	46,402	46,423	92,825
Additions	28	6,519	6,547
Disposals	(1,665)	(3,526)	(5,191)
At 30 April 2019	44,765	49,416	94,181
Depreciation			
At 1 May 2018	11,035	33,112	44,147
Charge for the year	5,599	6,412	12,011
Disposals	(1,048)	(3,297)	(4,345)
At 30 April 2019	15,586	36,227	51,813
Net book value			
At 30 April 2019	29,179	13,189	42,368
At 30 April 2018	35,367	13,311	48,678

Notes to the Financial Statements
Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS

The LLP and the Group have investments in the following subsidiary undertakings, joint ventures, and other investments.

Group investments

	Share of joint venture			Total £'000	Other investments £'000
	Moscow £'000	Turkey £'000	Hong Kong £'000		
As at 1 May 2018	5	837	441	1,283	242
Profit for the period	12	300	93	405	-
Distributions	-	(495)	(178)	(673)	-
Adjusted against loan receivable	(12)	-	-	(12)	-
Net book value 30 April 2019	<u>5</u>	<u>642</u>	<u>356</u>	<u>1,003</u>	<u>242</u>

Loans to Moscow joint venture

	2019 £'000
Cost	2,090
Revaluation	(53)
	<u>2,037</u>
Impairment	
1 May 2018	(1,525)
Revaluation	(69)
Reversal	81
30 April 2019	<u>1,513</u>
Net book value	
30 April 2019	<u>524</u>

The above shareholder long-term loans, that form part of the LLP's net investment in the Moscow joint venture, are included within Other Debtors.

Notes to the Financial Statements

Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS (continued)

LLP investments

Share of joint venture	Moscow £'000	Turkey £'000	Hong Kong £'000	Total £'000
As at 1 May 2018	5	837	441	1,283
Profit for the period	12	300	93	405
Distributions	-	(495)	(178)	(673)
Adjusted against loan receivable	(12)	-	-	(12)
Net book value 30 April 2019	<u>5</u>	<u>642</u>	<u>356</u>	<u>1,003</u>

Other investments	Other investments £'000	Subsidiary undertakings £'000	Total £'000
Cost at 1 May 2018 and 30 April 2019	<u>4,145</u>	<u>375</u>	<u>4,520</u>

Moscow

In 2008, the LLP entered into a joint venture agreement with two other partner firms of the CMS network to create CMS International BV, a company incorporated in the Netherlands and established to provide legal and tax advice in the Russian Federation. CMS International BV began trading on 1 January 2009. During the year the LLP provided professional services and office support to the joint venture with a value of £151,000 (2018 - £106,000). At 30 April 2019 the joint venture had a trading balance due to the LLP of £nil (2018 - £nil) and held shareholder loans received from the LLP of £2,038,000 (2018 - £2,090,000).

Istanbul TAP

In 2015, the LLP entered into an agreement with one other partner firm of the CMS network to create a Turkish Attorney Partnership - Yalçın Babalıoğlu Boso Law Firm (the TAP) - to provide Turkish legal and tax advice. This entity began trading in February 2015. During the year the LLP provided professional services and office support to the TAP with a value of £69,000, (2018 - £321,000). The joint venture agreement ended in January 2019 and, at that date, the trading balance was £nil (2018 - £661,000).

Notes to the Financial Statements

Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS (continued)

Hong Kong

In 2016/17, the LLP entered into an agreement with one other partner firm of the CMS network to create a joint venture in Hong Kong, which commenced in January 2017. The joint venture provides local and international legal and tax advice to the clients of the respective joint venture partners. During the year the LLP provided professional services and office support to the Hong Kong joint venture with a value of £13,000 (2018 - £552,000). The joint venture agreement ended in February 2019 and, at that date, the trading balance was £nil (2018 - £223,000).

At 30 April 2019 the LLP held investments in the following entities:

Trading entities

Entity	Country of Incorporation or Registration	Activity	Proportion of voting rights and ordinary shares held
BKP Sp. Zoo	Poland	Service company	100%
CMS (Nominees) Limited	England & Wales	Intermediate Holding Company	100%
CMS Cameron McKenna E.O.O.D.	Bulgaria	Provision of legal services	100%
CMS Cameron McKenna Holdings Limited	England & Wales	Intermediate Holding Company	100%
CMS Cameron McKenna LLC	Ukraine	Provision of legal services	100%
CMS Cameron McKenna Nabarro Olswang Services Limited	England & Wales	Service company	100%
CMS International BV*	Netherlands	Provision of legal services	33.3%
CMS IT Services & Support SRL	Romania	Provision of IT services	100%
CMS Tax LLC	Romania	Provision of tax services	95%
Eagle Place Services Limited	England & Wales	Property services	100%
Holborn Law**	Singapore	Professional services	-
Law Now Limited	England & Wales	e-learning services	100%
Olswang Cossec Limited***	England & Wales	Company secretarial services	100%
OMD Services	England & Wales	Property services	100%

* CMS International BV is a company incorporated in the Netherlands and established to provide legal and tax advice in the Russian Federation. See the Moscow joint venture section above for further details.

** The LLP has no voting rights or shares in Holborn Law. However, management considers that it exercises control over the operating and financial policy decision making of this company and therefore has consolidated it into the Group financial statements.

*** The Group has opted for audit exemption under s479A of the Companies Act 2006 for Olswang Cossec Limited (registration number: 04051235).

Notes to the Financial Statements

Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS (continued)

In addition the LLP has a 100% interest in the following LLPs:

Entity (Registration No.)	Country of Registration	Activity
CMS Cameron McKenna Nabarro Olswang (Singapore) LLP	England & Wales	Legal services
CMS Cameron McKenna Nabarro Olswang Pośniak i Sawicki sp.k.	Poland	Legal services
CMS (UAE) LLP	England & Wales	Legal services
Dundas & Wilson CS LLP	Scotland	Dormant
Dundas & Wilson LLP	England & Wales	Dormant
Lau, Horton & Wise LLP	Hong Kong	Legal services
Nabarro LLP	England & Wales	Legal services
Olswang LLP	England & Wales	Dormant
Olswang Belgium LLP*	England & Wales	Dormant
Olswang France LLP*	England & Wales	Dormant
Olswang Germany LLP	England & Wales	Legal services
Olswang Spain LLP*	England & Wales	Dormant
Olswang Partners LLP	England & Wales	Dormant

* These LLPs were placed into members' voluntary liquidation on 17 January 2019.

Non trading or dormant entities

Entity (Registration No.)	Country of Incorporation or Registration	Activity	Proportion of voting rights and ordinary shares held
Cameron McKenna Limited (03271393)	England & Wales	Dormant	100%
CMS Cameron McKenna Pension Trustees Limited (03271381)	England & Wales	Dormant	100%
Clearcounsel Limited (03880689)	England & Wales	Dormant	100%
Clearcounsel Trading Limited (04395400)	England & Wales	Dormant	100%
CMS Limited (04040259)	England & Wales	Dormant	100%
D.W. Company Services Limited (SC079179)	Scotland	Secretarial services	100%
D.W. Director 1 Limited (SC152493)	Scotland	Company formation & other services	100%
D.W. Property Aberdeen Limited (SC418617)	Scotland	Property related services	100%
D.W. Property Edinburgh Limited (SC633209)	Scotland	Property related services	100%

Notes to the Financial Statements
Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS (continued)**Non trading or dormant entities (continued)**

Entity (Registration No.)	Country of Incorporation or Registration	Activity	Proportion of voting rights and ordinary shares held
D.W. Property Glasgow Limited (SC232869)	Scotland	Property related services	100%
D.W. Property London Limited (SC232870)	Scotland	Property related services	100%
Dundas & Wilson CS Limited (SC100314)	Scotland	Dormant	100%
Dundas & Wilson Staff Pension Trustee Limited (SC328564)	Scotland	Dormant	100%
E.F.T. & S Trustees Limited (00909165)	England & Wales	Dormant	100%
Eagle Place Notices Limited (03014599)	England & Wales	Dormant	100%
Eagle Place Trustees Limited (00859711)	England & Wales	Dormant	100%
EPS Secretaries Limited (02231995)	England & Wales	Dormant	100%
Mikjon Limited (02463842)	England & Wales	Dormant	100%
Mitre Directors Limited (04316680)	England & Wales	Dormant	100%
Mitre Secretaries Limited (01447749)	England & Wales	Dormant	100%
Nabarro Nathanson Limited (02205416)	England & Wales	Dormant	100%
Nabco 1 Limited (02122392)	England & Wales	Dormant	100%
Nabco 2 Limited (07346569)	England & Wales	Dormant	100%
Olswang Directors 1 Limited (04058026)	England & Wales	Dormant	100%
Olswang Directors 2 Limited (04058057)	England & Wales	Dormant	100%
Olswang Holdings Limited (03937681)	England & Wales	Intermediate holding company	100%
Olswang Nominees Limited (04058036)	England & Wales	Dormant	100%
Olswang Services Limited (06807217)	England & Wales	Dormant	100%
Stratton Street Trustees Limited (02637522)	England & Wales	Dormant	100%
TKB Registrars Limited (00910149)	England & Wales	Dormant	100%
TKB Trustees Limited (02221155)	England & Wales	Dormant	100%
Twenty-Eight Nominees Limited (SC043232)	Scotland	Dormant	100%
Cameron Moshaveran Sepanta	Iran	Ceased trading July 2018	90%

Notes to the Financial Statements

Year ended 30 April 2019

11. FIXED ASSET INVESTMENTS (continued)

The individual accounts of the dormant companies have not been audited, as permitted by Sections 394A, 448A and 479A of the Companies Act 2006.

Registered Office Addresses

All entities registered in England and Wales have a registered office address of Cannon Place, 78 Cannon Street, London EC4N 6AF.

All entities registered in Scotland have a registered office address of Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

BKP Sp. Zoo and CMS Cameron McKenna Nabarro Olswang Pośniak i Sawicki sp.k. - Emilii Plater 53, 00-113 Warsaw, Poland.

CMS Cameron McKenna E.O.O.D. Landmark Centre, 14 Tsar Osvoboditel Blvd, Floor 1, 1000 Sofia, Bulgaria.

CMS Cameron McKenna LLC – 6th Floor, 38 Volodymyrska Street, Kyiv, Ukraine.

CMS International BV - Amstelplein 8, 1096BC Amsterdam, Netherlands.

CMS IT Services & Support SRL - S-Park, 11-15 Tipografilor Street, B3-B4 4th Floor, District 1, 013714 Bucharest, Romania.

CMS Tax LLC – S-Park, 11-15 Tipografilor Street, B3-B4 4th Floor, District 1, 013714 Bucharest, Romania.

Holborn Law LLC - 7 Straits View, Marina One East Tower, #19-01, Singapore 018936.

Lau, Horton & Wise LLP – 8th Floor, Nexxus Building, 41 Connaught Road Central, Hong Kong.

12. DEBTORS

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	186,369	186,345	163,646	167,027
Accrued income	32,975	33,833	29,221	30,840
Amounts due from members	18,283	16,738	18,283	16,738
Corporation tax	1,115	1,204	-	-
Other debtors and prepayments	18,227	18,974	15,733	23,634
	<u>256,969</u>	<u>257,094</u>	<u>226,883</u>	<u>238,239</u>

Amounts due from group undertakings are interest free and repayable on demand.

Notes to the Financial Statements
Year ended 30 April 2019

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Loans under Revolving Credit Facilities	-	38,796	-	38,796
Trade creditors	21,841	24,970	19,359	21,827
Corporation tax	496	539	-	-
Social security and other taxes	9,436	7,675	6,792	6,145
Other creditors	56,328	54,909	55,159	50,854
Accruals and deferred income	21,493	14,845	18,433	12,639
Amounts due to group undertakings	-	-	24,955	30,718
Operating lease incentive creditor	1,232	1,232	1,232	1,232
	<u>110,826</u>	<u>142,966</u>	<u>125,930</u>	<u>162,211</u>

Amounts due to group undertakings are interest free and are repayable on demand.

A Revolving Credit Facility Agreement was set up on 29 September 2017. The Agreement provides for a facility of £85m until 29 September 2019 with a step down to £65m until 29 September 2020. The facility was stepped down early to £65m from 1 July 2018. The facility is provided by Lloyds Bank LLP and Royal Bank of Scotland LLP and is unsecured. The interest rate is 1.5% + LIBOR or EURIBOR. There was no loan drawn down under the agreement at 30 April 2019. The amount drawn down at 30 April 2018 was due to be repaid within one year.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		LLP	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Operating lease incentive creditor	24,451	25,683	24,451	25,683
Other creditors	1,902	3,704	1,902	3,704
	<u>26,353</u>	<u>29,387</u>	<u>26,353</u>	<u>29,387</u>

The operating lease incentive creditor comprises certain cash contributions received in connection with the LLP's relocation to premises which will be recognised over the life of the lease.

Notes to the Financial Statements

Year ended 30 April 2019

15. PROVISIONS FOR LIABILITIES

Group	Property £'000	Legal claims £'000	Deferred tax £'000	Annuities £'000	Total £'000
At 1 May 2018	17,573	1,764	43	6,251	25,631
Charge to profit and loss account	262	1,964	(53)	1,760	3,933
Utilisation of provision	(7,755)	(1,369)	-	(2,104)	(11,228)
Released unused	(2,850)	(393)	-	-	(3,243)
Unwinding of discount	-	-	-	(27)	(27)
Transferred to current assets	-	-	10	-	10
At 30 April 2019	<u>7,230</u>	<u>1,966</u>	<u>-</u>	<u>5,880</u>	<u>15,076</u>

Property

The provision for property is in respect of dilapidations and onerous leases - £2,730,000 and £4,500,000 respectively (2018 - £5,270,000 and £12,303,000). It is expected that the majority of this cash outflow will be incurred within five years of the balance sheet date.

Deferred tax

The deferred tax balances as at 30 April 2019 and 30 April 2018 arose from accelerated capital allowances in a subsidiary undertaking.

Legal claims

The provision for legal claims relates primarily to claims for alleged professional negligence. It is expected that the majority of this cash outflow will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Annuities

The annuity liabilities are in relation to former partners. It is expected that the majority of this cash outflow will be incurred in the next financial year and that all will be incurred within four years of the balance sheet date.

Notes to the Financial Statements

Year ended 30 April 2019

15. PROVISIONS FOR LIABILITIES (Continued)

LLP	Property £'000	Legal claims £'000	Annuities £'000	Total £'000
At 1 May 2018	2,954	1,764	6,251	10,969
Charge to profit and loss account	211	1,964	1,760	3,935
Utilisation of provision	(50)	(1,369)	(2,104)	(3,523)
Released unused	-	(393)	-	(393)
Unwinding of discount	-	-	(27)	(27)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2019	<u>3,115</u>	<u>1,966</u>	<u>5,880</u>	<u>10,961</u>

Property

The provision for property is in respect of dilapidations and onerous leases - £2,680,000 and £435,000 respectively (2018 - £2,468,000 and £486,000). It is expected that the majority of this expenditure will be incurred within five years of the balance sheet date.

Legal claims

The provision for legal claims relates primarily to claims for alleged professional negligence. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

Annuities

The basis of calculation of the annuities provision in the LLP only balance sheet is the same as set out above in relation to the consolidated balance sheet, but takes account only of those partners whose annuity entitlements are a direct obligation of the LLP. Annuity entitlements of other partners are a contingent obligation of the LLP.

Notes to the Financial Statements
Year ended 30 April 2019

16. FINANCIAL INSTRUMENTS

The carrying values of the Group financial assets and liabilities are summarised by category below:

Group	Notes	2019 £'000	2018 £'000
Financial assets			
Instruments measured at amortised cost			
- Trade and other debtors	12	205,711	205,319
- Accrued income	12	32,975	33,833
- Cash at bank and in hand		45,046	28,705
		<u>283,732</u>	<u>267,857</u>
Financial liabilities			
Measured at undiscounted amount payable			
- Loan under Revolving credit	13	-	38,796
- Trade and other creditors	13	99,662	94,724
		<u>99,662</u>	<u>133,520</u>

The Group's income and expense in respect of financial instruments are summarised below:

Group		2019 £'000	2018 £'000
Interest income and expense			
Total interest income for financial assets at amortised cost	4	<u>924</u>	<u>343</u>
Total interest expense for financial liabilities at amortised cost	4	<u>5,830</u>	<u>5,346</u>

Notes to the Financial Statements

Year ended 30 April 2019

17. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2019 £'000	2018 £'000
Group operating profit	192,817	159,923
Depreciation	12,292	12,552
Operating cash flow before movements in working capital	205,109	172,475
Decrease/(increase) in debtors	1,464	(17,452)
Increase/(decrease) in creditors	3,866	(3,410)
(Decrease)/increase in provisions	(10,184)	3,525
Contributions to defined benefit pension scheme	(4,660)	(5,584)
Amounts charged for annuity obligations	(345)	2,211
Tax paid	(539)	(1,374)
Net cash inflow from operating activities	194,711	150,391

18. FINANCIAL COMMITMENTS

The Group and LLP's total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		LLP	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Operating lease payments in respect of land and buildings:				
Within one year	19,187	21,328	10,979	18,325
Between one and five years	64,491	63,722	56,019	58,385
After more than five years	194,610	212,354	194,610	211,632
	<u>278,288</u>	<u>297,404</u>	<u>261,608</u>	<u>288,342</u>

On 1 April 2011 the LLP entered into a ten year agreement with Integreon Managed Solutions Limited to provide a range of business support services back to the LLP. Notwithstanding certain clauses which allow for early termination this agreement is expected to be in place for 10 years. It should be noted that subsequent to the year end, the scope of the agreement was reduced.

At 30 April 2019 the Group and LLP had no capital commitments that were contracted but not provided for in the financial statements (2018 – nil).

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS

Defined contribution scheme

The cost of contributions to the Group's GPP Plan included in the profit and loss account for the year was £6,029,000 (2018 – £5,311,000).

Defined benefit schemes

The LLP has two defined benefit pension schemes:

- A scheme from the legacy CMS Cameron McKenna business which closed to new entrants in 1997 and closed to future accrual in 2011.
- A scheme from the legacy Nabarro business which is also closed to new entrants in 2001 and closed to future accrual in 2004.

Summary of amounts recognised in the statement of comprehensive income

	2019 £'000	2018 £'000
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income – legacy CMS Cameron McKenna	1,392	1,374
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income – legacy Nabarro LLP	986	11,825
Effect of the asset ceiling (irrecoverable pension scheme surplus)	(6,159)	(2,022)
Total recognised in the statement of comprehensive income	<u>(3,781)</u>	<u>11,177</u>

Defined benefit scheme – legacy CMS Cameron McKenna

The LLP operated a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to employees. Pension benefits are related to the scheme participants' final salary at retirement and their length of service. The defined benefit scheme has been closed to new entrants since 30 September and closed to future accrual on 1 April 2011.

The pension liabilities of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary, Mr Stuart Southall of Punter Southall. The last completed full actuarial valuation was performed as at 30 April 2017. The method used to determine pension liabilities for the defined benefit scheme is the projected unit method. Assets are measured at market value and the liabilities are discounted at the rate of return available at the balance sheet date on high quality corporate bonds.

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

Defined benefit scheme – legacy CMS Cameron McKenna (continued)

The LLP will monitor funding levels annually and the funding schedule will be reviewed between the LLP and the members every three years, based on actuarial valuations. The Partnership considers that the contribution rates agreed with the members are sufficient to eliminate the current deficit over the agreed period.

Based on the latest actuarial valuation, the Partnership and the members have agreed the following funding objectives:

- to set contributions such as to eliminate the deficit by 31 December 2020;
- once the current deficit is eliminated to maintain funding at least at this level; and
- to meet the liabilities of the defined benefit scheme in the event that the plan is wound up.

The contributions to the defined benefit pension scheme are determined with the advice of an independent, qualified actuary on the basis of triennial valuations using the projected unit method. The scheme is funded and the assets are held in a separately-administered fund. The Group made employer contributions of £660,000 (2018: £660,000) during the year. It is expected that the Group will contribute £660,000 to the scheme in the year ending 30 April 2020.

The amounts recognised in the balance sheet are as follows:

	2019 £'000	2018 £'000
Present value of funded obligations	(42,243)	(41,694)
Fair value of plan assets	45,552	43,716
Surplus in the pension scheme and liability	3,309	2,022
Less pension scheme surplus not recognised	(3,309)	(2,022)
Deficit in the pension scheme liability recognised in the balance sheet	-	-

The amounts recognised in the profit and loss account are as follows:

	2019 £'000	2018 £'000
Recognised within net finance costs:		
Interest on pension scheme obligations	(1,085)	(1,178)
Interest income on scheme assets	1,147	1,186
Net interest expense	62	8

Notes to the Financial Statements
Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

The amounts recognised in the statement of comprehensive income are as follows:

	2019	2018
	£'000	£'000
Return on assets, excluding interest income on pension scheme assets	1,517	(1,843)
Actuarial (loss)/gain on pension scheme liabilities	(125)	3,217
	<hr/>	<hr/>
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income	1,392	1,374
	<hr/>	<hr/>
Cumulative actuarial loss recognised in the statement of comprehensive income	(1,480)	(2,872)
	<hr/> <hr/>	<hr/> <hr/>

Movements in the present value of the defined benefit obligation are as follows:

	2019	2018
	£'000	£'000
Opening defined benefit obligation	41,694	45,137
Interest cost	1,085	1,178
Actuarial loss/(gain)	125	(3,217)
Benefits paid	(1,489)	(1,404)
Past service cost	828	-
	<hr/>	<hr/>
Closing defined benefit obligation	42,243	41,694
	<hr/> <hr/>	<hr/> <hr/>

Movements in the fair value of scheme assets are as follows:

	2019	2018
	£'000	£'000
Opening fair value of scheme assets	43,716	45,117
Interest income	1,147	1,186
Return on assets, excluding interest income	1,517	(1,843)
Contributions by the employer	660	660
Benefits paid	(1,488)	(1,404)
	<hr/>	<hr/>
Closing fair value of scheme assets	45,552	43,716
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements
Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

The principal actuarial assumptions at the balance sheet date were as follows:

	2019	2018
	%	%
Discount rate	2.45%	2.65%
Inflation (RPI)	3.30%	3.10%
Inflation (CPI)	2.20%	2.00%
Rate of increase in pension in payments:		
Pre 1997 benefits	3.00%	3.00%
Post 1997 benefits	3.75%	3.70%
Post April 2006 benefits	2.00%	1.95%

At 30 April 2019, the actuarial valuations assume that mortality of scheme participants will be in line with the nationally-published S2PA mortality base table using CMI 2017 with long range annual mortality improvement of 1%.

The following table illustrates the life expectancy for a scheme participant on retirement at age 65:

		2019	2018
Retiring today	- Males	22.4	21.8
	- Females	24.3	23.7
Retiring in 20 years' time	- Males	23.5	22.8
	- Females	25.5	24.9

The assumptions used in determining the overall expected return of the scheme have been set in line with the returns targeted by the scheme and as advised by the Trustees' investment consultants. These target returns have been set with reference to yields available on bonds and cash with appropriate risk margins.

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

The major categories of assets in the scheme were as follows:

	Fair value 2019 £'000	Fair value 2018 £'000
Cash and swaps	826	(126)
Multi-asset and alternatives	16,465	16,253
Gilts	27,199	26,507
Property	1,062	1,082
	<hr/>	<hr/>
Total market value of scheme assets	45,552	43,716
	<hr/>	<hr/>

The scheme assets do not directly include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.

Defined benefit scheme – legacy Nabarro LLP

The Nabarro LLP operated a defined benefit scheme in the UK which offers both pensions in retirement and death benefits to its employees (and their dependants) at retirement. The defined benefit scheme has been closed to new entrants since June 2001 and to future accrual of benefits in 2004. The liability for this scheme transferred from the Nabarro LLP to CMS Cameron McKenna Nabarro Olswang LLP on the merger.

The pension liabilities of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary, Mr Richard Hennessy FIA of KPMG LLP (UK). The last completed full actuarial valuation was performed as at 30 April 2017. The method used to determine pension liabilities for the defined benefit scheme is the projected unit method. Assets are measured at market value and the liabilities are discounted at the rate of return available at the balance sheet date on high corporate bonds.

The LLP will monitor funding levels annually and the funding schedule will be reviewed between the LLP and the members every three years, based on actuarial valuations. The Partnership considers that the contribution rates agreed with the members are sufficient.

Based on the latest actuarial valuation, the Partnership and the members have agreed the following funding objectives:

- To set contributions such as to eliminate the deficit by 1 May 2022;
- Once the current deficit is eliminated to maintain the funding level;
- To meet the liabilities of the defined benefit scheme in the event that the plan is wound up

The contributions to the defined benefit pension scheme are determined with the advice of an independent, qualified actuary on the basis of triennial valuations using the projected unit method. The scheme is funded and the assets are held in a separately administered fund.

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

As part of the recovery plan, the Group agreed to pay £1,250,000 per annum from 2017/18 until the result of the next formal valuation is known, when the recovery plan will be reviewed again.

The estimated amount of contributions to be paid into the scheme during the financial year to 30 April 2020 is £1,250,000, representing the amount required under the recovery plan plus an expected additional amount.

The amounts recognised in the balance sheet are as follows:

	2019 £'000	2018 £'000
Present value of funded obligations	(108,748)	(103,390)
Fair value of plan assets	111,598	102,511
	<hr/>	<hr/>
Scheme surplus/(deficit)	2,850	(879)
Less pension scheme surplus not recognised	(2,850)	-
	<hr/>	<hr/>
Deficit in the pension scheme and liability recognised in the balance sheet	-	(879)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the profit and loss account are as follows:

	2019 £'000	2018 £'000
Interest on pension scheme obligations	(2,858)	(3,062)
Interest income on scheme assets	2,876	2,647
	<hr/>	<hr/>
Net interest income/(expense)	18	(415)
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised in the statement of comprehensive income are as follows:

	2019 £'000	2018 £'000
Return on assets, excluding interest income on pension scheme assets	3,996	(1,831)
Actuarial (loss)/gain on pension scheme liabilities	(3,010)	13,656
	<hr/>	<hr/>
Total remeasurement of the net defined benefit asset recognised in the statement of comprehensive income	986	11,825
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

Movements in the present value of the defined benefit obligation are as follows:

	2019 £'000	2018 £'000
Opening defined benefit obligation	103,390	117,139
Interest cost	2,858	3,062
Actuarial loss/(gain)	3,010	(13,656)
Benefits paid	(2,642)	(3,155)
Past service cost	2,132	-
	<u>108,748</u>	<u>103,390</u>
Closing defined benefit obligation	<u>108,748</u>	<u>103,390</u>

The adjustment for past service cost is due to the impact of Guaranteed Minimum Pension equalisation.

Movements in the fair value of scheme assets are as follows:

	2019 £'000	2018 £'000
Opening fair value of scheme assets	102,511	99,926
Return on assets, excluding interest income	3,996	(1,831)
Interest income	2,876	2,647
Contributions by the employer	4,857	4,924
Benefits paid	(2,642)	(3,155)
	<u>111,598</u>	<u>102,511</u>
Closing fair value of scheme assets	<u>111,598</u>	<u>102,511</u>

The principal actuarial assumptions at the balance sheet date were as follows:

	2019	2018
Discount rate	2.75%	2.80%
Inflation (RPI)	3.40%	3.25%
Inflation (CPI)	2.40%	2.15%
Rate of increase in pension in payments:		
Inflation (CPI) max 5%	2.40%	2.19%
Inflation (CPI) max 3%	2.12%	1.91%
Inflation (CPI) min 3% max 5%	3.29%	3.27%

At 30 April 2019, the actuarial valuations assume that mortality of scheme participants will be in line with the nationally-published S2PA mortality base table using CMI 2014 with long range annual mortality improvement of 1.25%.

Notes to the Financial Statements

Year ended 30 April 2019

19. EMPLOYEE BENEFITS (continued)

The following table illustrates the life expectancy for a scheme participant on retirement at age 60:

		2019	2018
Current pensioners	- Males	26.0	26.6
Future pensioners	- Males	27.6	28.1

The assumptions used in determining the overall expected return of the scheme have been set in line with the returns targeted by the scheme and as advised by the Trustees' investment consultants. These target returns have been set with reference to yields available on bonds and cash with appropriate risk margins.

The major categories of assets in the scheme were as follows:

	Fair value 2019	Fair value 2018
Equities	19.8%	18.5%
Bonds	70.4%	65.5%
Cash	0.2%	0.4%
Property	4.5%	6.6%
Alternatives	5.1%	9.0%
	<hr/>	<hr/>
Total market value of scheme assets	<u>100.0%</u>	<u>100.0%</u>

The scheme assets do not directly include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.

20. CONTINGENT LIABILITIES

In the normal course of business, the Group may receive claims for alleged negligence. The Group maintains appropriate professional indemnity cover through the commercial market. The costs associated with handling and settling claims that are considered likely to succeed are provided for, net of the related insurance receivable, as disclosed in note 15, 'Provision for liabilities'. Claims that are only considered possible or unlikely to succeed are assumed to have zero likely cost and are therefore not provided for.

Notes to the Financial Statements
Year ended 30 April 2019

21. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel in the year was £4,306,000 (2018 - £3,999,000).

CMS Cameron McKenna Nabarro Olswang LLP has relied upon the exemption given in FRS 102 (33.1A) not to disclose transactions between itself and its subsidiary undertakings. Transactions and balances relating to joint ventures are disclosed separately in Note 11, 'Fixed asset investments'.

22. CONTROLLING PARTY

The LLP is controlled by its members and as such there is no one controlling party.