

Baker & McKenzie LLP

Annual Report and Financial Statements

For the year ended 30 June 2021



Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2021

CONTENTS

	Page
Officers and professional advisers	1
Members' report	2
Statement of members' responsibilities	6
Independent auditor's report	7
Consolidated Statement of Comprehensive Income	10
Consolidated Balance sheet	11
Limited Liability Partnership Balance sheet	12
Consolidated Statement of Changes in Members' Interest	13
Limited Liability Partnership Statement of Changes in Members' Interest	14
Consolidated Cash flow statement	15
Notes to the financial statements	16

Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2021

OFFICERS AND PROFESSIONAL ADVISERS

DESIGNATED MEMBERS

M Kurnatowska
S Mobley
E Poulton
C Whitefoord

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA
United Kingdom

BANKERS

HSBC Bank plc
60 Queen Victoria Street
London
EC4N 4TR
United Kingdom

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2021

MEMBERS' REPORT

The members are pleased to present their annual report and audited financial statements of Baker & McKenzie LLP (the parent limited liability partnership) and its subsidiaries (the 'Group') for the year ended 30 June 2021.

PRINCIPAL ACTIVITY

The principal activity of Baker & McKenzie LLP is the provision of legal services in the United Kingdom to clients in the UK and overseas.

FIRM STRUCTURE

The LLP is a limited liability partnership under the Limited Liability Partnerships Act 2000 registered in the United Kingdom. No branches exist outside the UK.

DESIGNATED MEMBERS

The designated members who served during and since the year, were as follows:

A Chadwick	(Resigned 1 July 2021)
K Guch	(Resigned 1 August 2021)
M Kurnatowska	(Appointed 1 August 2021)
S Mobley	
E Poulton	
C Whitefoord	(Appointed 1 August 2021)

A list of designated members' names is available for inspection at the LLP's registered office.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

The LLP's consolidated profit before tax amounted to £137,472,000 (2020: £101,254,000). The consolidated profit for the year after tax on subsidiaries' profits amounted to £136,575,000 (2020: £100,392,000).

The members regard the LLP's financial position at the year end, and future prospects, to be satisfactory.

During the year the Group signed an Agreement for Lease for a 15 year lease on a building which will commence in July 2022.

GOING CONCERN

Although COVID-19 continues to have a significant impact on the UK & Global economy, from an operational perspective, through the adoption of a flexible working model, Baker & McKenzie LLP has been able to continue delivering services to its clients. The LLP continues to carefully monitor the situation and the impact it may have on its people and its clients.

The Members have considered the impact of the Covid-19 pandemic on the Group and the LLP's business. The Members have prepared forecasts and projections through to 30 June 2023 which show the Group and the LLP will be able to meet its liabilities as they fall due. The Group & LLP manages its monthly cash through the Baker & McKenzie's International group treasury function, whose primary financing vehicle is Baker & McKenzie International BV ("BMIBV"). In addition to considering the Group and the LLP's own financial position the Members have considered the position of BMIBV, and are satisfied that BMIBV has sufficient resources and financing available to repay amounts held on behalf of Baker & McKenzie LLP.

The Members therefore have a reasonable expectation that the Group and the LLP have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements and are confident the Group & LLP are well-placed to deal with the current market conditions.

Baker & McKenzie LLP

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30 June 2021

MEMBERS' REPORT (Continued)

MEMBERS' DRAWINGS AND CAPITAL POLICY

The members are remunerated out of the profits of Baker & McKenzie LLP. Allocation of profits is made on a financial statement year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis. During the year the members receive monthly drawings on account of their share of distributable profits, and further distributions are made such that the entire distributable profit is paid to partners within five months of the year end.

No retention for member's personal tax is made. Members are responsible for settling their liabilities personally.

An individual member's capital requirement is linked to the member's profit share and the number of years of service and the requirements of the business. Capital is repaid to members on resignation or retirement from Baker & McKenzie LLP.

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2021

MEMBERS' REPORT (Continued)

ENERGY AND CARBON REPORT

We have reported on all sources of GHG emissions and energy usage as required under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended.

The key sources of emissions included in Table 1 below (for the UK office only) are as follows:

Scope 1 Natural gas

Scope 2 Purchase of electricity

Scope 3 Business Travel – Mileage claims for business mileage; Corporate taxi account; Train and Couriers. There are no company cars.

All data reported in Table 1 has been directly provided and summarized by its London suppliers.

The collective data for the global brand of Baker McKenzie* was verified and submitted to the Carbon Disclosure Project (CDP) in 2021 and received a score of 'B-'.

Baker McKenzie launched a refreshed global sustainability strategy in 2018, centred on the environmental, economic, social and governance issues most material to Baker McKenzie as identified by more than 1400 stakeholders. Additionally, Baker McKenzie has prioritized a number of the UN Sustainable Development Goals linked to these issues which it will focus on over the next ten years.

Baker McKenzie plans to significantly reduce its global carbon emissions over the next decade by committing to:

- Reducing its emissions from energy consumption** by 92% by 2030 (from a 2019 baseline)
- Develop a strategy and target by 2022 to lower emissions from its business air travel; and
- Continue to report its emissions with the Carbon Disclosure Project.

Baker McKenzie plans to lower its energy consumption through:

- Improvements in the energy efficiency of its offices via procurement of renewable energy credits.
- Investments in enhanced video conferencing technology and redesign key meetings and events to make virtual attendance viable rather than business air travel.
- Baker McKenzie currently offsets all business air travel associated with its annual and regional partners meetings using offsets that provide social benefits in addition to carbon abatement, such as reducing poverty, improving health, empowering women, job creation, or other benefits to local communities.
- In 2016, Baker McKenzie launched B-Green, a program designed to help its offices around the world to "green" their operations. The program provides a road map for each office to follow, along with tools and guidance to help them measure, evaluate and incrementally improve their environmental performance.
- Baker McKenzie also strives to contribute to environmental sustainability through strategic partnerships; pro bono and community service initiatives; and through the work of its award winning Climate, Environment and Energy practice groups.

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30 June 2021

MEMBERS' REPORT (Continued)

Table 1: GHG emissions and energy usage data for period 1 July 2020 to 30 June 2021 (London office only)		
Scope	2021 tonnes CO ₂ e	2020 tonnes CO ₂ e
Emissions from combustion of gas. (Scope 1)	186	191
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel. Mileage claims for business mileage; corporate taxi account; train and couriers. There are no company cars. (Scope 3)	13	12
Emissions from electricity purchased for own use, including for the purposes of transport. (Scope 2)	436	660
Total gross CO₂e based on above	635	863
	kWh	kWh
Energy consumption used to calculate emissions		
- gas (kWh)	917,917	1,037,909
- electricity (kWh)	2,053,139	2,833,011
Intensity ratio - tonnes of CO ₂ e per £m turnover	2.3	3.4

* For the purpose of this carbon report, 'Baker McKenzie' refers to all entities and countries currently residing under the corporate banner 'Baker McKenzie', including the London office.

** This covers Baker McKenzie's "scope 1 and scope 2" emissions as defined by the Green House Gas (GHG) Protocol, with scope 1 emissions being direct emissions from owned or controlled sources and scope 2 emissions being indirect emissions from the generation of purchased energy.

AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual Members Meeting.

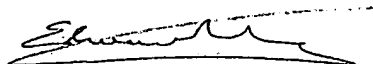
AUDIT INFORMATION

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

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

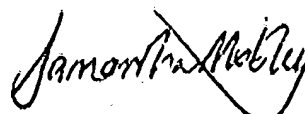
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Members and signed on their behalf



Edward Poulton
Designated Member

28 March 2022



Samantha Mobley
Designated Member

28 March 2022

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2021

STATEMENT OF MEMBERS' RESPONSIBILITIES

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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm 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 firm 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 firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

Baker & McKenzie LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Baker & McKenzie 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 June 2021 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 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' Interest;
- the consolidated cash flow statement; and
- the related notes 1 to 26.

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.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BAKER & MCKENZIE LLP**

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.

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.

**EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES,
INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We also enquired of management about their own identification and assessment of the risks of irregularities including obtaining and reviewing the Group's documentation of its policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
- reviewing internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Bribery Act, Companies Act 2006 and the tax legislation.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud relating to revenue recognition. This has been pinpointed to the valuation of applicable work in progress balances. To address this risk, we have performed the following procedures:
 - Recalculated the net work in progress balances, including assessing and challenging the methodology applied;

Baker & McKenzie LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP

- Performed substantive testing over work in progress through post year-end billing analysis; and
- Assessed the design and implementation of internal controls around the valuation of work in progress and the calculation and LLP's methodology for the realisation rates.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.



Jeremy Black, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
28 March 2022

Baker & McKenzie LLP**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 30 June 2021

	Notes	2021 £000's	2020 £000's
TURNOVER	3	277,958	252,299
Administrative expenses		(143,319)	(154,943)
Other operating income		1,951	2,767
OPERATING PROFIT		136,590	100,123
Finance costs (net)	7	882	1,131
PROFIT BEFORE TAXATION	4	137,472	101,254
Taxation	9	(897)	(862)
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		136,575	100,392

All results relate to continuing activities.

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

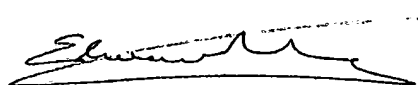
The limited liability partnership has taken advantage of section 408 of Companies Act 2006 not to publish a separate Income Statement and Statement of Comprehensive Income.

Baker & McKenzie LLP**CONSOLIDATED BALANCE SHEET
As at 30 June 2021**

	Notes	2021 £000's	2020 £000's
FIXED ASSETS			
Tangible assets	11	6,690	6,851
		<u>6,690</u>	<u>6,851</u>
CURRENT ASSETS			
Debtors	12	217,035	189,834
Amounts due from members		103,843	113,879
Cash at bank and in hand		5,361	2,232
		<u>326,239</u>	<u>305,945</u>
Creditors: amounts falling due within one year	13	(42,055)	(47,370)
NET CURRENT ASSETS		<u>284,184</u>	<u>258,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>290,874</u>	<u>265,426</u>
Provisions for liabilities	16	(600)	(955)
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>290,274</u>	<u>264,471</u>
REPRESENTED BY			
Loans and other debt due to members within one year:			
Members' capital classified as a liability		35,105	32,126
Equity:			
Other reserves	19	255,169	232,345
MEMBERS' OTHER INTERESTS		<u>290,274</u>	<u>264,471</u>
TOTAL MEMBER INTERESTS			
Members' other interests		290,274	264,471
Amounts due from members		(103,843)	(113,879)
		<u>186,431</u>	<u>150,592</u>

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 28 March 2022.

Signed on behalf of the Members



Edward Poulton
Designated Member



Samantha Mobley
Designated Member

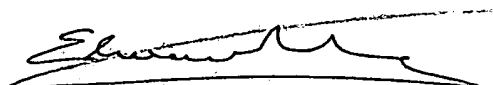
Baker & McKenzie LLP**LIMITED LIABILITY PARTNERSHIP BALANCE SHEET
As at 30 June 2021**

	Notes	2021 £000's	2020 £000's
FIXED ASSETS			
Tangible assets	11	4,864	6,851
CURRENT ASSETS			
Debtors	12	215,929	190,244
Amounts due from members		105,577	113,298
Cash at bank and in hand		5,103	2,013
		326,609	305,555
Creditors: amounts falling due within one year	13	(48,346)	(54,669)
NET CURRENT ASSETS		278,263	250,886
TOTAL ASSETS LESS CURRENT LIABILITIES		283,127	257,737
Provisions for liabilities	16	(600)	(955)
NET ASSETS ATTRIBUTABLE TO MEMBERS		282,527	256,782
REPRESENTED BY			
Loans and other debt due to members within one year:			
Members' capital classified as a liability		35,105	32,126
Equity:			
Other reserves	19	247,422	224,656
MEMBERS' OTHER INTERESTS		282,527	256,782
TOTAL MEMBER INTERESTS			
Members' other interests		282,527	256,782
Amounts due from members		(105,577)	(113,298)
		176,950	143,484

The profit for the financial year attributable to the parent undertaking Baker & McKenzie LLP was £128,166,000 (2020: £94,737,000).

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 28 March 2022.

Signed on behalf of the Members



Edward Poulton
Designated Member



Samantha Mobley
Designated Member

**CONSOLIDATED STATEMENT
OF CHANGES IN MEMBERS' INTEREST**
For the year ended 30 June 2021

	Members' capital £'000	Other reserves (note 19) £'000	Total £'000	Amounts due from members £'000	Total members' interests £'000
MEMBERS' INTEREST AT 1 JULY 2019	27,160	203,632	230,792	(84,595)	146,197
Profit for the financial year available for discretionary division among members	-	100,392	100,392	-	100,392
MEMBERS' INTEREST AFTER PROFIT FOR THE YEAR	27,160	304,024	331,184	(84,595)	246,589
Currency translation difference	252	-	252	-	252
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	27,412	304,024	331,436	(84,595)	246,841
Allocated profits	-	(71,679)	(71,679)	71,679	-
Capital introduced	8,378	-	8,378	-	8,378
Repayment of capital	(500)	-	(500)	-	(500)
Capital due to former members	(3,164)	-	(3,164)	-	(3,164)
Loan to members	-	-	-	344	344
Drawings	-	-	-	(101,307)	(101,307)
AT 30 JUNE 2020	32,126	232,345	264,471	(113,879)	150,592
Profit for the financial year available for discretionary division among members	-	136,575	136,575	-	136,575
MEMBERS' INTEREST AFTER PROFIT FOR THE YEAR	32,126	368,920	401,046	(113,879)	287,167
Currency translation difference	(1,290)	-	(1,290)	-	(1,290)
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	30,836	368,920	399,756	(113,879)	285,877
Allocated profits	-	(113,751)	(113,751)	113,751	-
Capital introduced	6,797	-	6,797	-	6,797
Repayment of capital	(500)	-	(500)	-	(500)
Capital due to former members	(2,028)	-	(2,028)	-	(2,028)
Drawings	-	-	-	(103,715)	(103,715)
AT 30 JUNE 2021	35,105	255,169	290,274	(103,843)	186,431

**LIMITED LIABILITY PARTNERSHIP STATEMENT
OF CHANGES IN MEMBERS' INTEREST
For the year ended 30 June 2021**

	Members' capital £'000	Other reserves (note 19) £'000	Total £'000	Amounts due from members £'000	Total members' interests £'000
MEMBERS' INTEREST AT 1 JULY 2019	27,160	196,273	223,433	(85,185)	138,248
Profit for the financial year available for discretionary division among members	-	94,737	94,737	-	94,737
MEMBERS' INTEREST AFTER PROFIT FOR THE YEAR	27,160	291,010	318,170	(85,185)	232,985
Currency translation difference	252	-	252	-	252
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	27,412	291,010	318,422	(85,185)	233,237
Allocated profits	-	(66,354)	(66,354)	66,354	-
Capital introduced	8,378	-	8,378	-	8,378
Repayment of capital	(500)	-	(500)	-	(500)
Capital due to former members	(3,164)	-	(3,164)	-	(3,164)
Loan to members	-	-	-	324	324
Drawings	-	-	-	(94,791)	(94,791)
AT 30 JUNE 2020	32,126	224,656	256,782	(113,298)	143,484
Profit for the financial year available for discretionary division among members	-	128,166	128,166	-	128,166
MEMBERS' INTEREST AFTER PROFIT FOR THE YEAR	32,126	352,822	384,948	(113,298)	271,650
Currency translation difference	(1,290)	-	(1,290)	-	(1,290)
TOTAL COMPREHENSIVE INCOME AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	30,836	352,822	383,658	(113,298)	270,360
Allocated profits	-	(105,400)	(105,400)	105,400	-
Capital introduced	6,797	-	6,797	-	6,797
Repayment of capital	(500)	-	(500)	-	(500)
Capital due to former members	(2,028)	-	(2,028)	-	(2,028)
Drawings	-	-	-	(97,679)	(97,679)
AT 30 JUNE 2021	35,105	247,422	282,527	(105,577)	176,950

Baker & McKenzie LLP**CONSOLIDATED CASH FLOW STATEMENT**
For the year ended 30 June 2021

	Notes	2021 £000's	2020 £000's
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	17	105,088	95,220
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of fixed assets		(2,119)	(2,795)
Interest received		896	1,173
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(1,223)</u>	<u>(1,622)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES			
Loan repayments from members		-	344
Payments to or on behalf of the members		(103,715)	(101,307)
Capital contributions by members		6,797	8,378
Repayment of capital		(500)	(500)
Repayments to former members		(2,028)	(3,164)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(99,446)</u>	<u>(96,249)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,419	(2,651)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,232	4,631
Effect of foreign exchange rate changes		(1,290)	252
CASH AND CASH EQUIVALENTS AT END YEAR		<u>5,361</u>	<u>2,232</u>
RECONCILIATION TO CASH AT BANK AND IN HAND:			
Cash at bank and in hand		<u>5,361</u>	<u>2,232</u>
CASH AND CASH EQUIVALENTS		<u>5,361</u>	<u>2,232</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Baker & McKenzie LLP ("the limited liability partnership") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000 and registered in England and Wales. The full 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 December 2018).

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the limited liability partnership operates. The consolidated financial statements are also presented in pounds sterling.

The limited liability partnership 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 presentation of a cash flow statement, financial instruments, and remuneration of key management personnel.

Going concern

The members have prepared the financial statements on the going concern basis. The Group's principal activity and policy on members' drawings and capital is set out in the Members' Report on pages 2 to 5.

Although COVID-19 continues to have a significant impact on the UK & Global economy, from an operational perspective, through the adoption of a flexible working model, Baker & McKenzie LLP has been able to continue delivering services to its clients. The LLP continues to carefully monitor the situation and the impact it may have on its people and its clients.

The Members have considered the impact of the Covid-19 pandemic on the Group and the LLP's business. The Members have prepared forecasts and projections through to 30 June 2023 which show the Group and the LLP will be able to meet its liabilities as they fall due. The Group & LLP manages its monthly cash through the Baker & McKenzie's International group treasury function, whose primary financing vehicle is Baker & McKenzie International BV ("BMIBV"). In addition to considering the Group and the LLP's own financial position the Members have considered the position of BMIBV, and are satisfied that BMIBV has sufficient resources and financing available to repay amounts held on behalf of Baker & McKenzie LLP.

The Members therefore have a reasonable expectation that the Group and the LLP have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements and are confident the Group and LLP are well-placed to deal with the current market conditions.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Baker & McKenzie LLP and all of its subsidiary undertakings, Baker & McKenzie Services Limited and Baker & McKenzie Services II, drawn up to 30 June each year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

1. ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Tangible fixed assets

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

Leasehold improvements	shorter of 10% per annum or the length of the lease
Computer equipment	20% - 33.33% per annum
Fixtures and fittings	12.5% - 20% per annum
Assets in construction	Expenditure incurred starts to be depreciated (in line with the respective category) once the assets become fully operational

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.

Financial assets and liabilities

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

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the 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 of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

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

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, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Fee income represents amounts receivable, both billed and unbilled, for services provided in the normal course of business net of VAT and disbursements.

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. Fee income 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.

Unbilled fee income is included as amounts recoverable from clients within debtors. Amounts recoverable on contracts are 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.

Members' interests

In accordance with Financial Reporting Standard 102: Section 22 members' interests have been presented as follows:

- classification of members' capital as a financial liability; and
- discretionary profit allocations are classified as a division of profits within members' interests.

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis.

Allocation of profits is made on a financial statement year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Members' other interests rank after unsecured creditors. Loans and other debts due to members rank *pari passu* with unsecured creditors in the event of winding up.

Taxation

The taxation payable on the limited liability partnership profits is the personal liability of the members. Consequently, neither limited liability partnership taxation nor related deferred taxation are accounted for in the financial statements.

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 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.

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 taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are included in the profit and loss account.

Provisions

Provision is made on a case by case basis in respect of the cost of defending claims and, where appropriate, the estimated cost to Baker & McKenzie LLP of settling claims. Separate disclosure is not made of any expected insurance recoveries in respect of claims on the grounds that disclosure might seriously prejudice the position of the firm.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pension costs

Baker & McKenzie LLP operates a defined contribution pension scheme for staff. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Members of Baker & McKenzie LLP are required to make their own provision for pensions.

Allocation of profits

A member's share in the profit or loss for the year is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

Employee benefits

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

A liability for redundancy costs is recognised when the group has committed to the termination of the employment of employees before normal retirement date. The liability is recognised based on the best estimate of the ex-gratia amounts payable as at the balance sheet date.

Other operating income

Sundry amounts receivable from recharging costs to clients and other third parties.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the limited liability partnership'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.

The members do not consider there to be any critical accounting judgement areas to disclose.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

Key sources of estimation uncertainty

Revenue recognition – accrued income

The value of accrued income is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year-end. The key assumptions and estimates used concern assessing the economic benefit of the unbilled time by reference to post year-end billing and the value at which that will be ultimately be realised, based on historical performance. Accrued income relating to amounts recoverable from clients in respect of unbilled work at the balance sheet date is set out in note 12 to the financial statements.

Impairment of debtors

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

3. TURNOVER

Turnover represents fee income earned from the provision of legal services and is stated net of value added tax. No geographical segmental analysis has been shown as the members believe that such a disclosure would be seriously prejudicial to the business.

4. PROFIT BEFORE TAXATION

	2021 £000's	2020 £000's
Operating profit is stated after charging/(crediting):		
Depreciation		
- owned assets	2,279	2,446
Rentals under operating leases		
Land and Buildings	6,921	6,908
Other operating leases	68	143
Exchange gain	(2,654)	(654)
Loss on disposal of fixed assets	1	203

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

5. AUDITOR'S REMUNERATION

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

	2021 £000's	2020 £000's
Fees payable to the Group LLP's auditor and its associates for the audit of the Limited Liability Partnerships financial statements	72	63
Fees payable to the Group LLP's auditor and its associates for other services to the Group		
The audit of the Group LLP's subsidiaries	11	10
Total audit fees	<u>83</u>	<u>73</u>
 Taxation compliance services	307	348
Other assurance services	42	42
Other services	16	121
Total non-audit fees	<u>365</u>	<u>511</u>

Fees payable to Deloitte for non-audit services to the limited liability partnership 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 COSTS

	2021 No.	2020 No.
Average monthly number of persons employed during the year (excluding members)		
Practice	423	419
Support staff	310	305
	<u>733</u>	<u>724</u>
	2021 £000's	2020 £000's
Employee costs during the year amounted to:		
Wages and salaries	71,318	69,244
Redundancy costs	380	230
Social security costs	9,842	9,556
Pension costs (note 22)	3,072	2,946
	<u>84,612</u>	<u>81,976</u>

There are no employees in the limited liability partnership. On 1 October 2010 the employment contracts of all employees of Baker & McKenzie LLP were transferred to Baker & McKenzie Services Limited (which is wholly owned by Baker & McKenzie LLP).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

7. FINANCE COSTS (NET)

	2021 £000's	2020 £000's
Interest receivable from other member firms of the Baker & McKenzie global organisation	895	1,077
Bank interest receivable	1	96
Interest payable	(14)	(42)
	<u>882</u>	<u>1,131</u>

8. MEMBERS' SHARE OF PROFITS

Allocation of profits is made on a financial statement year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members. All members are required to make their own provision for pensions from their profit shares.

The profit attributable to the member with the largest entitlement was £4,282,000 (2020: £2,944,000).

	2021	2020
Average number of members during the year	<u>124</u>	<u>116</u>

9. TAXATION

	2021 £000's	2020 £000's
Current tax	<u>728</u>	<u>862</u>
Deferred tax		
Origination of timing differences	<u>169</u>	<u>-</u>
Total deferred tax (note 14)	<u>169</u>	<u>-</u>
Tax on profit on ordinary activities	<u>897</u>	<u>862</u>
Profit before taxation	137,472	101,254
Less amounts subject to personal tax	(136,516)	(100,062)
Dividend from group undertaking	3,500	3,200
Profits subject to taxation	<u>4,456</u>	<u>4,392</u>
UK corporation tax of 19% (2020: 19%)	847	835
Tax effect of		
- timing differences on fixed assets	40	-
- expenses disallowed for tax purposes	(3)	21
- adjustments in respect of prior year	13	6
	<u>897</u>	<u>862</u>

The standard rate of tax applied to reported profit before taxation is 19% (2020: 19%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

10. PROFIT ATTRIBUTABLE TO THE LIMITED LIABILITY PARTNERSHIP

The limited liability 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 statement of comprehensive income in these financial statements.

The profit attributed to the limited liability partnership is disclosed in the footnote to the limited liability partnership's balance sheet.

11. TANGIBLE FIXED ASSETS - CONSOLIDATED

	Assets in Construction £000's	Leasehold improvements £000's	Fixtures and fittings £000's	Computer equipment £000's	Total £000's
Cost					
At 1 July 2020	-	11,766	7,008	5,492	24,266
Additions	1,686	7	182	244	2,119
Disposals	-	(13)	(1)	(81)	(95)
Reclassification	140	(140)	-	-	-
At 30 June 2021	1,826	11,620	7,189	5,655	26,290
Accumulated depreciation					
At 1 July 2020	-	8,582	5,379	3,454	17,415
Charge for the year	-	1,216	379	684	2,279
Disposals	-	(13)	(1)	(80)	(94)
Reclassification	-	-	-	-	-
At 30 June 2021	-	9,785	5,757	4,058	19,600
Net book value					
At 30 June 2021	1,826	1,835	1,432	1,597	6,690
At 30 June 2020	-	3,184	1,629	2,038	6,851

The reclassification within certain categories represents the sale of specific assets from the limited liability partnership to Baker & McKenzie Services Limited at net book value.

Assets in Construction relate to Leasehold Improvements, the lease for which is due to commence in July 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

11. TANGIBLE FIXED ASSETS - LIMITED LIABILITY PARTNERSHIP

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 July 2020	11,766	7,008	5,492	24,266
Additions	7	182	244	433
Disposals	(153)	(1)	(81)	(235)
At 30 June 2021	11,620	7,189	5,655	24,464
Accumulated depreciation				
At 1 July 2020	8,582	5,379	3,454	17,415
Charge for the year	1,216	379	684	2,279
Disposals	(13)	(1)	(80)	(94)
At 30 June 2021	9,785	5,757	4,058	19,600
Net book value				
At 30 June 2021	1,835	1,432	1,597	4,864
At 30 June 2020	3,184	1,629	2,038	6,851

12. DEBTORS

	Consolidated		Limited Liability Partnership	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Due within one year:				
Trade debtors	64,119	62,850	64,119	62,850
Amounts recoverable from clients in respect of unbilled work performed	36,364	32,596	36,364	32,596
Amounts due from other member firms of the Baker & McKenzie global organisation	106,510	86,281	106,515	87,351
Other debtors	5,815	4,136	5,810	4,043
Prepayments	4,227	3,971	3,121	3,404
	217,035	189,834	215,929	190,244

The amounts due from other member firms of the Baker & McKenzie global organisation are unsecured and repayable on demand.

The interest rate is agreed annually with the relevant member firms that the balances are due from.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Limited Liability Partnership	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Trade creditors	17,737	15,139	16,284	14,202
Amounts due to group undertakings	-	-	21,518	19,029
Amounts due to other member firms of the Baker & McKenzie global organisation	1,315	1,467	1,315	1,627
Corporation tax	261	394	-	-
Deferred tax (note 14)	169	-	-	-
Other taxation and social security	5,100	13,510	962	10,338
Sundry creditors	2,887	1,836	2,827	1,793
Accruals and deferred income	14,586	15,024	5,440	7,680
	<u>42,055</u>	<u>47,370</u>	<u>48,346</u>	<u>54,669</u>

The amounts due to group undertakings and other member firms of the Baker & McKenzie global organisation are unsecured, interest free and repayable on demand.

14. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2021	2020
	£'000	£'000
Accelerated capital allowances	169	-
Deferred tax liability	<u>169</u>	<u>-</u>
At 1 July 2020	-	-
Deferred tax charge in profit and loss account	169	-
At 30 June 2021	<u>169</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

15. FINANCIAL INSTRUMENTS

	Consolidated		Limited Liability Partnership	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Financial assets				
Financial assets that are debt instruments measured at amortised cost	181,805	155,499	181,547	156,257
	<u>181,805</u>	<u>155,499</u>	<u>181,547</u>	<u>156,257</u>
Financial liabilities				
Financial liabilities measured at amortised cost	21,939	18,442	41,944	36,651
	<u>21,939</u>	<u>18,442</u>	<u>41,944</u>	<u>36,651</u>

Consolidated and Limited Liability Partnership

Financial assets measured at amortised cost comprise cash at bank, trade debtors, amounts owed by other member firms of the Baker & McKenzie global organisation and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due to group undertakings and other member firms of the Baker & McKenzie global organisation and sundry creditors.

16. PROVISIONS FOR LIABILITIES

Consolidated and Limited Liability Partnership

	Property Provisions	Client Claim Provisions	Total Provisions	Total Provisions
	2021	2021	2021	2020
	£000	£'000	£'000	£'000
At 1 July 2020	920	35	955	35
Charged to the Statement of Comprehensive Income	25	-	25	920
Utilised in the current year	(169)	-	(169)	-
Released in the current year	(211)	-	(211)	-
At 30 June 2021	<u>565</u>	<u>35</u>	<u>600</u>	<u>955</u>

Property provisions relate to a provision for dilapidations in relation to the firm's premises.

Client claim provisions are the estimated cost of defending and concluding client claims. No separate disclosure is made of the cost of claims covered by insurance, as to do so could seriously prejudice Baker & McKenzie LLP.

Baker & McKenzie LLP

NOTES TO THE FINANCIAL STATEMENTS (Continued) For the year ended 30 June 2021

17. CASH FLOW STATEMENT

Reconciliation of operating profit to net cash from operating activities:

	2021 £'000	2020 £'000
Operating profit	136,590	100,123
Adjustment for:		
Depreciation	2,279	2,446
Loss on disposal of fixed assets	1	203
Increase in debtors	(27,201)	(18,549)
(Decrease)/increase in creditors	(5,351)	10,950
(Decrease)/increase in provisions	(355)	920
Cash generated by operations	105,963	96,093
Interest paid	(14)	(42)
Corporation tax paid	(861)	(831)
Net cash from operating activities	105,088	95,220

18. PRINCIPAL GROUP INVESTMENTS

Baker & McKenzie LLP has an investment in Baker & McKenzie Services Limited of 4 ordinary shares at a total value of £4.

Baker & McKenzie LLP has control over its subsidiaries Baker & McKenzie Services Limited and Baker & McKenzie Services II.

	Country of incorporation	Address	Principal activity	Proportion held
Baker & McKenzie Services Limited Subsidiary undertaking	UK	100 New Bridge Street, London (registered address)	Provision of support services	100%
Baker & McKenzie Services II Subsidiary undertaking	UK	100 New Bridge Street, London (registered address)	Provision of support services	100%

19. RESERVES

Other reserves

Includes all current and prior year retained profits and losses, that have not been distributed to members yet.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

20. OBLIGATIONS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

Land and Building

	Land and Buildings 2021 £'000	Other 2021 £'000	Land and Buildings 2020 £'000	Other 2020 £'000
Consolidated				
- within one year	7,006	44	6,807	-
- between one and five years	10,510	55	17,018	-
	<u>17,516</u>	<u>99</u>	<u>23,825</u>	<u>-</u>
Limited Liability Partnership				
- within one year	7,006	44	6,807	-
- between one and five years	10,510	55	17,018	-
	<u>17,516</u>	<u>99</u>	<u>23,825</u>	<u>-</u>

During the year the Group signed an Agreement for Lease, signing of the final lease contract remains pending at the date of signing of these financial statements. The signing of the Agreement to Lease does commit the Group to lease payments of £10,500,000 per annum, after the agreed upon rent-free period. The lease commences in July 2022 and is expected to run for a period of 15 years from the commencement date.

21. FINANCIAL COMMITMENTS

Capital Commitments are as follows:

Land and Building

	Consolidated		Limited Liability Partnership	
	2021 £000's	2020 £000's	2021 £000's	2020 £000's
Due within one year:				
Tangible fixed assets				
Fixtures and Fittings	-	165	-	165
Computer Equipment	107	-	107	-
Property Refurbishment Costs	2,562	-	-	-
	<u>2,669</u>	<u>165</u>	<u>107</u>	<u>165</u>

22. PENSIONS

The group operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £3,072,000 (2020: £2,946,000).

Amounts due as at 30 June 2021: £269,000 (2020: £259,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2021

23. TRANSACTIONS WITH RELATED PARTIES

The total remuneration for key management personnel, comprising the designated members and professional business service directors, in the year was £11,800,000 (2020: £7,886,000).

Baker & McKenzie LLP is a member firm of Baker & McKenzie International, a Swiss Verein. In the opinion of the members, Baker & McKenzie LLP is not related with any other member firm of Baker & McKenzie International as defined for the purposes of Financial Reporting Standard 102 section 33 'Related Party Disclosures'.

Baker & McKenzie LLP has relied upon the exemption given in Financial Reporting Standard 102 section 33 "Related Party Disclosures" not to disclose transactions between itself and its subsidiary undertakings.

24. CONTINGENT LIABILITIES

Baker & McKenzie International BV ("BMIBV") is the primary financing vehicle for Baker & McKenzie International, a Swiss Verein, and its member firms, including Baker & McKenzie LLP. Each member firm of the Verein has entered into arrangements with BMIBV pursuant to which such entity may borrow funds from BMIBV.

In order to obtain the funds to make loans to the member firms, BMIBV has entered into an arrangement to obtain loans from certain banks.

As part of the arrangements between BMIBV and the banks, Baker & McKenzie LLP has entered into guarantee arrangements with the Banks pursuant to which it has guaranteed a portion of the bank loans equal to its then outstanding loans from BMIBV.

At 30 June 2021 and 30 June 2020 the obligations of Baker & McKenzie LLP under these do not exceed that amount already recognised as payable to BMIBV.

25. POST BALANCE SHEET EVENTS

Subsequent to the year-end, macro-economic pressures occurred as a result of the Russia/Ukraine conflict. This is considered as a non-adjusting post balance sheet event and therefore no adjustments have been to the figures in the financial statements. At this stage it is not possible to quantify the impact this will have.

26. CONTROLLING PARTY

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