

Dentons Europe LLP

Reports and Financial Statements

Year Ended

31 December 2022

Registered No: OC316822



Dentons Europe LLP
Report and Financial Statements
for the year ended 31 December 2022

Contents

Page:

1-4	Report of the members
5-8	Independent auditor's report
9	Consolidated income statement
10	Consolidated statement of comprehensive income
11	Consolidated statement of financial position
12	LLP statement of financial position
13	Consolidated statement of cash flows
14-15	Consolidated reconciliation of movements in members' interests
16-17	LLP reconciliation of movements in members' interests
18	Consolidated Statement of changes in net debt
19-39	Notes forming part of the financial statements
40	Appendix to the financial statements

Designated members

Tomasz Dabrowski
Evan Lazar (till 30 June 2023)
Federico Sutti (from 30 June 2023)

Registered office

Dentons Europe LLP
One Fleet Place, London EC4P 4GD

Company Number

OC316822

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Dentons Europe LLP

Report of the members for the year ended 31 December 2022

The members of Dentons Europe LLP present their report and the group financial statements for the year ended 31 December 2022.

Partners/Members

The term "partner" in this document is used to refer to a member of Dentons Europe LLP ("Dentons Europe"), or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in one of Dentons Europe's subsidiary undertakings. The term "member" in this document is used to refer only to a member of Dentons Europe LLP, as defined and designated with such status at the Companies Registrar.

Principal activities, trading review and future developments

The limited liability partnership (LLP) is an international law firm and provider of legal and advisory services. Dentons Europe has offices in the following locations which are either branches of Dentons Europe LLP or other group entities of Dentons Europe:

Almaty, Amsterdam, Baku, Barcelona, Berlin, Bratislava, Brussels, Bucharest, Budapest, Dusseldorf, Frankfurt, Istanbul, Kyiv, London, Luxembourg, Madrid, Milan, Moscow, Munich, Paris, Prague, Rome, Shanghai, St. Petersburg, Tashkent, Tbilisi, Warsaw and Zurich.

For details on the separation of Moscow and St. Petersburg offices in Russia refer to information disclosed in note 3 of the financial statements.

Dentons Europe LLP maintains operations in London mainly providing administrative services to its offices worldwide.

Since the 28th March 2013 Dentons Europe is a member of Dentons Group, a Swiss Verein. Each member within Dentons Group maintains separate books of account.

The financial results and group consolidated statement of financial position reported in these accounts include all branches and subsidiary undertakings except those disclosed in note 14 to the financial statements.

The consolidated trading results of Dentons Europe LLP and its subsidiary undertakings (the "Dentons Europe Group") for the year ended 31 December 2022 were satisfactory and resulted in a profit before members' remuneration and profit shares of €148,654,000 (2021 - €184,464,000). The net assets of the Dentons Europe LLP Group at 31 December 2022 amounted to €75,270,000 (compared to €91,831,000 in 2021). Given the rapidly changing market conditions and the impact of the war in Ukraine, energy crisis, and high inflation in the markets where the Group operates, the members consider these results to be satisfactory despite the challenges faced during the year.

The Group's strategy is to continue investing and growing, particularly in its existing locations, key practice groups, and sectors. Additionally, the Group aims to explore potential business combinations in European countries where it currently does not have a presence. The Group's current plans primarily focus on growth initiatives that would replenish lost revenues and net assets resulting from the separation of the Russian business (refer to note 3 of the financial statements for more details).

Dentons Europe LLP

Report of the members for the year ended 31 December 2022 (Continued)

Energy and carbon report

The Group reports 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 (for the UK office only) in the table below are:

- Scope 1 Natural gas - London office.
- Scope 2 Purchase of electricity - London office (green supply).
- Scope 3 Business Travel: Nothing to report; there were no rental cars or mileage claims for business travel.

Neither Dentons Europe LLP nor any of the group entities are subject to mandatory or voluntary GHG emissions' certification.

The Group rents its UK office in 1 Fleet Place, London, EC4P 4GD, from Dentons UK and Middle East LLP (the 'landlord'). The lease includes all services, utilities and energy supplies. Therefore, all the data regarding natural gas and electricity consumption presented in the table below are calculated based on overall data provided by the landlord. The figures correspond to the consumption in the building calculated pro rata per number of employees, contractors and members of Dentons Europe LLP and of Dentons Europe (London) Limited located in the building.

GHG emissions and energy usage data for the year 2022	
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	16.2 tCO ₂ e
Emissions from electricity purchased for own use (Scope 2 – tonnes of CO ₂ e)	31.1 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where the group is responsible for purchasing the fuel (Scope 3 - tonnes of CO ₂ e)	0.0 tCO ₂ e
Total gross CO₂e based on above	47.3 tCO₂e
Energy consumption used to calculate emissions – kwh	Gas - 75,466.4 kWh Electricity - Green tariff - 112,485.9 kWh
Chosen intensity measurement: tonnes of CO ₂ e per Euro million of revenue	Occupancy - UK: 0.67
GHG emissions and energy usage data for the year 2021	
Emissions from combustion of gas (Scope 1 – tonnes of CO ₂ e)	16.3 tCO ₂ e
Emissions from electricity purchased for own use (Scope 2 – tonnes of CO ₂ e)	27.0 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where the group is responsible for purchasing the fuel (Scope 3 - tonnes of CO ₂ e)	0.0 tCO ₂ e
Total gross CO₂e based on above	43.3 tCO₂e
Energy consumption used to calculate emissions – kwh	Gas - 75,940.6 kWh Electricity - Green tariff - 93,028.7 kWh
Chosen intensity measurement: tonnes of CO ₂ e per Euro million of revenue	Occupancy - UK: 0.72

The increase of the share on the gas and electricity consumption in the building in 2022 compared to 2021 is attributable to a relative increase in the number of Dentons Europe's employees, contractors and members compared to the number of employees, contractors and members of Dentons UK and Middle East LLP. As part of its commitment to the environment, Dentons Europe seeks for reduction of GHG emissions and energy usage and cooperates with the landlord on taking any measures that support those targets. Further, Dentons Europe supports its employees in working remotely and using electronic communication and limits business travel and printing. Overall, the intensity ratio (tonnes of CO₂e per Euro million of revenue) dropped down by 6.9%.

Dentons Europe LLP

Report of the members for the year ended 31 December 2022

Going Concern: Basis of preparation

Dentons Europe Group closely monitors development of the current geopolitical situation following Russia's invasion of Ukraine, instability in energy markets and a general growth in inflation rates in jurisdictions where the Group operates which drive increased cost pressure. As a result of the separation of the Russian offices from the Dentons Europe Group, the Group's management closely monitor the impact of the separation on revenue, costs and net profit as well as its cash flows and bank covenants and notes the uncertainty that continues to exist. The costs incurred and expected to be incurred in connection with the separation result in increased cash outflows during the 2022 - 2024 period.

Overall, Dentons Europe Group has not identified any significant threats arising from Russia's invasion of Ukraine and separation of the Russian offices and the generally increased inflation rates that would affect its business continuing to operate as a going concern.

Dentons Europe Group has performed a sensitivity analysis that gives the likely impact on cash flows and cash position at a different level of revenue (measured internally on a modified cash basis). While observing the goal of compliance with bank covenants, the analysis models a worst case scenario of a decline in revenue by 12%, and takes into account a temporary relaxation of two of the covenants already agreed to by the banks for a limited period in 2023 and in 2024. The modelling point of the sensitivity analysis that leads to break even is the covenants being breached.

The results of the sensitivity analysis performed through to December 2024 show that a decline in revenues up to 12% compared to a base case scenario can be absorbed by the Group with cost saving actions and cash flow deferrals needed to be implemented in order to maintain a positive liquidity position and comply with bank covenants, including the temporary relaxation of two of the covenants, and it shows positive liquidity available at that time. The base case scenario reflects actual results achieved in the first half of 2023, budgeted results for the second half of 2023 and a forecast for the rest of the period until December 2024 with a conservative assumption of no growth in 2024. The analysis takes into account the Group's cash balances at the end of June 2023, costs and cash outflows expected in connection with the Russian offices' separation that will be incurred during the second half of 2023 and in 2024, and also reflects current market circumstances and increased inflation rates in jurisdictions where the Group operates and their impact on local operating costs. The model also shows that a break-even point of breaching one of the bank covenants would be at a 4% decline in revenues, at a 8% decline in revenues or at a 12% decline in revenues (compared to the base case scenario). The three scenarios take into account various levels of mitigation actions compared to assumptions of the base case scenario (including, among others, decrease in operating costs and capital expenditures, increased capital requirements, and deferring some of the payments due to partners). Despite a relatively small revenue sensitivity of the 4% decline in revenues in the first scenario, the management believe no material uncertainty exists due to what is primarily a temporary impact of the Russian offices' separation in relation to covenant compliance, and any potential uncertainty can be averted by deferral of the profit distributions to partners as tested by the other two scenarios of the sensitivity analysis.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business and promote better utilisation of free cash available within the Group, including enhanced intra-group cash pooling and intra-group loans arrangements. Moreover, the management can introduce a limitation of discretionary capital expenditures and reduction in operating expenses if and when needed. Dentons Europe Group currently believes it is unlikely that it will need to take these additional measures during the course of 2023 or 2024 (with the exception of potentially deferring some of the profit distributions to partners and payments made on behalf of partners), but Dentons Europe Group has the flexibility and is ready to take further measures should the market situation or other circumstances worsen. The management have stated that they are able to increase savings through further negotiations with suppliers, lessors etc. In direct costs, the management also have a large degree of cost flexibility since vast majority of lawyers are self-employed.

Furthermore, Dentons Europe Group has taken all steps it needs to ensure it is not subject to material claims or penalties due to assisting, or dealing with, sanctioned clients in Russia and the Group does not face any significant risks in terms of services provided to clients in the past.

As a result of a decrease in net assets of the Group attributable to, among other factors, the costs of separation of Russian offices, the Group acknowledged a technical breach of one of the covenants. This breach was subsequently waived by the banks and the banks also agreed to a temporary relaxation of that covenant (refer to note 18 of the financial statements for more details).

As such, the members consider the Group and the LLP to remain a going concern and the accounts have been prepared on the going concern basis as a consequence.

Legal Structure

Members of Dentons Europe LLP are registered with the relevant bar or bars in their jurisdiction(s) of practice, depending on the requirements of local jurisdictions.

Designated members

The following designated members were members of the LLP throughout the year ended 31 December 2022 and to the date of this report:

Tomasz Dabrowski	
Evan Lazar	(till 30 June 2023)
Federico Sutti	(from 30 June 2023)

Dentons Europe LLP

Report of the members for the year ended 31 December 2022 (Continued)

Transaction with members

All members participate in the LLP's profit and share the risks and subscribe to the LLP's capital.

An individual member's capital requirement is linked to his or her share of profit and for certain class of members the capital requirements can be increased by the Europe CEO in accordance with the LLP agreement.

The firm's drawing policy allows each member to draw a limited proportion of their profit in twelve monthly instalments with the balance of their profits paid in the subsequent year. All payments are made subject to the cash requirements of the business.

Members' other interests rank equally with unsecured creditors in the event of a winding up, while members' capital ranks after unsecured creditors.

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations 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). Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss of the Group headed up by the Limited Liability Partnership 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 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 Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, and to disclose with reasonable accuracy at any time the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The responsibilities are fulfilled by the Europe Chief Executive Officer on behalf of the members. The Europe Chief Executive Officer confirms compliance with the above requirements in preparing the financial statements.

Auditors

All of the designated members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of that information. The designated members are not aware of any relevant audit information of which the auditors are unaware.

The independent auditors of Dentons Europe LLP are BDO LLP.

On behalf of the members

Tomasz Dabrowski
21 December 2023



Dentons Europe LLP

Independent auditor's report for the year ended 31 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENTONS EUROPE LLP

Opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and the Limited Liability Partnership's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships.

We have audited the financial statements of Dentons Europe LLP ("the Limited Liability Partnership") for the year ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and LLP statements of financial position, consolidated statement of cash flows, consolidated and LLP reconciliation of movements in members' interests, consolidated statement of changes in net debt and notes to the financial statements, including a summary of significant accounting policies. 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 qualified opinion

As a result of the UK's adoption of the Russia (Sanctions) (EU Exit) (Amendment) (No 17) Regulations 2022 in December 2022, we have been unable to perform sufficient and appropriate audit work over the following aspects of these Financial Statements due to an inability to directly, or indirectly, access the required accounting records to gain the relevant assurance over the following areas:

- All profit and loss account activity in relation to the Russian operations disposed of as per note 3 to the Financial Statements; and
- All balance sheet amounts in relation to the disposal Group included in note 3 (net assets of €22,963k) which relate to the disposal of the Russian operations as at 31 December 2022.

In addition, were any adjustment to the above balances to be required, the Report of the members would also need to be amended.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 or 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.

Dentons Europe LLP

Independent auditor's report for the year ended 31 December 2022 (Continued)

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, except to the extent otherwise explicitly stated in our report, 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.

To the extent that key performance for the year as disclosed by management in the other information (including the turnover and profit for the year across the whole Group) includes the turnover and profit for the year from the Russian operations as referred to in the discontinued operations described in the basis for qualified opinion section of our report above, the other information may be materially misstated for the same reason.

Other Companies Act 2006 reporting as applied to limited liability partnerships

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the members.

Arising solely from the limitation of scope due to the adoption of the Russia (Sanctions) (EU Exit) (Amendment) (No 17) Regulations 2022 in December 2022 over access to records in relation to the Russian operations referred to in the basis for qualified opinion section above:

- We have not obtained all the information and explanations that we considered necessary for the purposes of our audit; and
- We were unable to determine if adequate accounting records have been kept by the Limited Liability Partnership

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the Limited Liability Partnership financial statements are not in agreement with the accounting records and returns.

Responsibilities of Members

As explained more fully in the statement of members' responsibilities, 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 and 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 Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Dentons Europe LLP

Independent auditor's report for the year ended 31 December 2022 (Continued)

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 (among) 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.

Extent to which the audit was 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Limited Liability Partnership and the industry in which they operate.
- We understood how the Group and Limited Liability Partnership is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and confirmation from insurers of the status of and completeness of professional indemnity claims ongoing at year end. Our review of legal expense accounts was performed to ensure no other material legal matters were identified through our audit procedures.
- Discussions with management, risk and compliance personnel and those charged with governance; and
- Obtaining an understanding of the Group and Limited Liability Partnership's policies and procedures regarding compliance with laws and regulations.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Challenge of claims against the Group in respect of Professional Indemnity and Employers' Liability insurance to establish the level (if any) of provisioning to be included in the Financial Statements;
- Specific testing of Russian exposed matters in the year to ascertain compliance by the Group with sanctions frameworks;
- Obtaining confirmations from legal advisers in key overseas offices to determine the presence of any significant potential claims omitted from our challenge of the potential claims listing above; and
- Confirmation of completeness of potential claims with the insurer directly.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group and Limited Liability Partnership's policies and procedures relating to:
 - o detecting and responding to the risks of fraud; and
 - o internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discuss amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to: fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of accrued income and trade debtors, the risk of management override of controls and the accuracy of accounting for the disposal of the Russian operations.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, being as noted above, the valuation of accrued income and trade debtors on a prospective basis (auditing a sample of matters to supporting documentation to challenge recoverability) and retrospective basis (audit of historical accuracy of Management's prior estimates in relation to this); and
- Auditing the accounting treatment of the Russian business separation back to the underlying separation agreements, including challenging Management on the completeness of the accounting consequences from detailed audit of the underlying separation agreements and related cash flows.

Dentons Europe LLP

Independent auditor's report for the year ended 31 December 2022 (Continued)

For the same reason as noted in our basis for qualified opinion section of this report, there may be a material misstatement in relation to the procedures we have not been able to perform on the disposed Russian operations of the business where we have been unable to access and test the accounting records in relation to Russian laws and regulation compliance, accrued income and trade debtors, together with the journal entries in the general ledger and obtain the relevant explanations required to issue an opinion in relation to these areas.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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 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.

DocuSigned by:

Ben Courts

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Benjamin Courts (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date : 21 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Dentons Europe LLP

Consolidated income statement for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Turnover	4	525,641	498,279
Operating expenses	5	(396,485)	(333,203)
Other operating income	6	21,683	21,034
Operating profit	8	<u>150,839</u>	<u>186,110</u>
Share in profit of joint venture	15	404	571
Interest expense and similar charges	9	(1,946)	(1,658)
Interest income	9	273	374
Profit on ordinary activities before taxation		<u>149,570</u>	<u>185,397</u>
Taxation	11	(916)	(933)
Profit for the year before members' remuneration charged as an expense and profit shares		<u>148,654</u>	<u>184,464</u>
Members' remuneration charged as an expense		(148,654)	(184,464)
Profit for the year available for discretionary division among members		<u><u>-</u></u>	<u><u>-</u></u>

All amounts relate to continuing activities.

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

Consolidated statement of comprehensive income for the year ended 31 December 2022

	2022 €'000	2021 €'000
Profit for the financial year available for discretionary division among members	-	-
Currency translation differences losses	(2,032)	(8,661)
Other comprehensive expense for the year	(2,032)	(8,661)
Total comprehensive expense for year available for discretionary division among members	(2,032)	(8,661)

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

Consolidated statement of financial position for the year ended 31 December 2022

Registered number OC316822	Note	2022 €'000	2021 €'000
Fixed assets			
Intangible assets	12	2,016	-
Tangible fixed assets	13	22,260	21,294
Investments	14	1,581	1,532
Investment in Joint Venture	15	1,858	1,484
Other Non Current Assets	17	4,933	4,943
		<u>32,648</u>	<u>29,253</u>
Current assets			
Debtors	16	218,703	205,735
Cash at bank and in hand		47,272	60,432
		<u>265,975</u>	<u>266,167</u>
Creditors : amounts falling due within one year	18	(211,403)	(96,052)
Provisions due within one year	19	(7,482)	(2,330)
		<u>47,090</u>	<u>167,785</u>
Net current assets			
		<u>47,090</u>	<u>167,785</u>
Creditors : amounts falling due after more than one year	20	(4,414)	(104,005)
Provisions due after one year	19	(54)	(1,202)
		<u>75,270</u>	<u>91,831</u>
Net assets attributable to members			
		<u>75,270</u>	<u>91,831</u>
REPRESENTED BY :			
Loans and other debts due to members within one year			
Members' capital classified as a liability		51,177	42,799
Retirement indemnity liability to current members		2,995	2,001
Amounts due to members		21,729	42,274
		<u>75,901</u>	<u>87,074</u>
Loans and other debts due to members after more than one year			
Retirement indemnity liability to current members		15,886	18,729
Retirement indemnity provision		906	1,159
		<u>16,792</u>	<u>19,888</u>
Total loans and other debts due to members		<u>92,693</u>	<u>106,962</u>
Equity			
Amounts due to members on the realisation of net assets into cash		(17,423)	(15,131)
Thereof:			
Amounts due from members		(17,423)	(15,131)
Amounts due to members		-	-
		<u>75,270</u>	<u>91,831</u>
Total Members' Interests			
Amounts due from members		-	-
Loans and other debts due to members		92,693	106,962
Members' other interests		(17,423)	(15,131)
		<u>75,270</u>	<u>91,831</u>

The financial statements were approved on behalf of the members of Dentons Europe LLP and authorised for issue on 21 December 2023.



Tomasz Dabrowski
Designated Member

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

**LLP statement of financial position
for the year ended 31 December 2022**

Registered number OC316822	Note	2022 €'000	2021 €'000
Fixed assets			
Tangible fixed assets	13	7,045	7,355
Investments	14	3,212	2,567
Investment in Joint Venture	14	3	3
Other Non Current Assets	17	1,690	890
		<u>11,950</u>	<u>10,815</u>
Current assets			
Debtors	16	157,484	119,941
Cash at bank and in hand		8,731	10,675
Amounts due from members		119,879	94,683
		<u>286,094</u>	<u>225,299</u>
Creditors : amounts falling due within one year	18	(227,446)	(72,931)
Provisions due within one year	19	(3,333)	(20)
Net current assets		<u>55,315</u>	<u>152,348</u>
Creditors : amounts falling due after more than one year	20	(328)	(100,000)
Provisions due after one year	19	-	-
Net assets attributable to members		<u>66,937</u>	<u>63,163</u>
REPRESENTED BY :			
Loans and other debts due to members within one year			
Members' capital classified as a liability		51,177	42,799
Retirement indemnity liability for current members		2,995	2,001
Amounts due to members		-	96
		<u>54,172</u>	<u>44,896</u>
Loans and other debts due to members after more than one year			
Retirement indemnity liability for current members		15,886	18,729
Retirement indemnity provision		906	1,158
		<u>16,792</u>	<u>19,887</u>
Total Loans and other debts due to members		<u>70,964</u>	<u>64,783</u>
Equity			
Amounts due from members on the realisation of net assets into cash		(4,027)	(1,620)
		<u>66,937</u>	<u>63,164</u>
Total Members' Interests			
Amounts due from members		(119,879)	(94,683)
Loans and other debts due to members		70,964	64,782
Members' other interests		(4,027)	(1,709)
		<u>(52,942)</u>	<u>(31,610)</u>

The LLP has taken advantage of the exemption allowed under the Companies Act 2006 as applied to LLPs and has not presented its own statement of comprehensive income in these financial statements. The parent LLP's profit for the year before member's remuneration charged as an expense and profit shares was €45,733,000 (2021 - €58,839,000).

The financial statements were approved on behalf of the members of Dentons Europe LLP and authorised for issue on 21 December 2023.



Tomasz Dabrowski
Designated Member

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 €'000	2021 €'000
Net cash inflows from operating activities	22	146,105	157,673
Cash flows from investing activities			
Purchases of intangible and tangible fixed assets	13	(9,080)	(3,801)
Purchase of subsidiary undertaking & other investments	14	(269)	(213)
Net cash used in investing activities		(9,349)	(4,014)
Cash flows from financing activities			
Capital introduced by members		13,572	3,720
Capital repaid to members		(5,194)	(7,846)
New bank loans		10,101	20,739
Bank loans repaid		(1,052)	(10,610)
Drawings and other payments to members		(165,859)	(160,133)
Net cash used in financing activities		(148,432)	(154,130)
Net decrease in cash and cash equivalents		(11,676)	(471)
Cash and cash equivalents at beginning of year		60,432	63,200
Foreign exchange gains and losses		(1,484)	(2,297)
Cash and cash equivalents at end of year		47,272	60,432
Cash and cash equivalents comprise:			
Cash at bank and in hand		47,272	60,432
Bank overdrafts		-	-

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

Consolidated reconciliation of movements in members' interests for the year ended 31 December 2022

Year End 2022	Amounts due to/(from) members		Retirement Indemnity (Current Members)			Other Reserves (classified as Equity)		Total
	Partners' Capital €'000	Partners' Current Account €'000	RI Short-term Liability €'000	Retirement Liability Provisions (Long- term) €'000	RI Long- term Liability €'000	Other Reserves €'000	Translation Reserve €'000	Members' Interests €'000
Members' interests at 1 January 2022 (Prior Year closing figures)	42,799	42,274	2,001	1,159	18,729	2,178	(17,309)	91,831
Member's remuneration charged as an Expense	-	148,654	-	-	-	-	-	148,654
Members' interests after Profit for the year	42,799	190,928	2,001	1,159	18,729	2,178	(17,309)	240,485
Partners' Distribution	-	(165,859)	-	-	-	-	-	(165,859)
Partners' Capital Contributed	13,572	-	-	-	-	-	-	13,572
Partners' Capital Repaid	(5,194)	-	-	-	-	-	-	(5,194)
Member's Interest Transfers	-	(3,993)	-	-	-	-	-	(3,993)
Partners' Equity - Other	-	653	994	(253)	(2,843)	(260)	(2,032)	(3,741)
Members' interests at 31 December 2022	51,177	21,729	2,995	906	15,886	1,918	(19,341)	75,270
Thereof:								
Amounts due from Members	-	-	-	-	-	-	-	-
Amounts due to Members	51,177	21,729	2,995	906	15,886	-	-	92,693
Members' other interests	-	-	-	-	-	1,918	(19,341)	(17,423)

Dentons Europe LLP

Consolidated reconciliation of movements in members' interests for the year ended 31 December 2022 (continued)

Year End 2021	Amounts due to/(from) members		Retirement Indemnity (Current Members)			Other Reserves (classified as Equity)		Total
	Partners' Capital €'000	Partners' Current Account €'000	RI Short-term Liability €'000	Retirement Liability Provisions (Long-term) €'000	RI Long-term Liability €'000	Other Reserves €'000	Translation Reserve €'000	Members' Interests €'000
Members' interests at 1 January 2021 (Prior Year closing figures)	44,512	(14,545)	1,273	1,237	16,176	33,742	(8,648)	73,748
Member's remuneration charged as an Expense	-	184,464	-	-	-	-	-	184,464
Members' interests after Profit for the year	44,512	169,919	1,273	1,237	16,176	33,742	(8,648)	258,212
Partners' Distribution	-	(160,133)	-	-	-	-	-	(160,133)
Partners' Capital Contributed	3,720	-	-	-	-	-	-	3,720
Partners' Capital Repaid	(7,846)	-	-	-	-	-	-	(7,846)
Member's Interest Transfers	-	(16,329)	-	-	-	-	-	(16,329)
Partners' Equity - Other	2,413	48,817	728	(78)	2,553	(31,564)	(8,661)	14,208
Members' interests at 31 December 2021	42,799	42,274	2,001	1,159	18,729	2,178	(17,309)	91,831
Thereof:								
Amounts due from Members	-	-	-	-	-	-	-	-
Amounts due to Members	42,799	42,274	2,001	1,159	18,729	-	-	106,962
Members' other interests	-	-	-	-	-	2,178	(17,309)	(15,131)

Dentons Europe LLP

LLP reconciliation of movements in members' interests for the year ended 31 December 2022

Year End 2022	Amounts due to/(from) members		Retirement Indemnity (Current Members)			Other Reserves (classified as Equity)		Total
	Partners' Capital €'000	Partners' Current Account €'000	RI Short- term Liability €'000	Retirement Liability Provisions (Long-term) €'000	RI Long- term Liability €'000	Other Reserves €'000	Translation Reserve €'000	Members' Interests €'000
Members' interests at 1 January 2022 (Prior Year closing figures)	42,799	(94,587)	2,001	1,158	18,729	837	(2,547)	(31,610)
Profit for the year ended 31 December 2022 available for discretionary division amongst Members	-	45,733	-	-	-	-	-	45,733
Members' interests after Profit for the year	42,799	(48,854)	2,001	1,158	18,729	837	(2,547)	14,123
Partners' Distribution	-	(71,137)	-	-	-	-	-	(71,137)
Partners' Capital Contributed	13,572	-	-	-	-	-	-	13,572
Partners' Capital Repaid	(5,194)	-	-	-	-	-	-	(5,194)
Member's Interest Transfers	-	-	-	-	-	-	-	-
Partners' Equity - Other	-	112	994	(252)	(2,843)	(837)	(1,480)	(4,306)
Members' interests at 31 December 2022	51,177	(119,879)	2,995	906	15,886	-	(4,027)	(52,942)
Thereof:								
Amounts due from Members	-	(119,879)	-	-	-	-	-	(119,879)
Amounts due to Members	51,177	-	2,995	906	15,886	-	-	70,964
Members' other interests	-	-	-	-	-	-	(4,027)	(4,027)

Dentons Europe LLP

LLP reconciliation of movements in members' interests for the year ended 31 December 2022 (continued)

	Amounts due to/(from) members		Retirement Indemnity (Current Members)			Other Reserves (classified as Equity)		Total
	Partners' Capital €'000	Partners' Current Account €'000	RI Short- term Liability €'000	Retirement Liability Provisions (Long-term) €'000	RI Long- term Liability €'000	Other Reserves €'000	Translation Reserve €'000	
Year End 2021								
Members' interests at 1 January 2021 (Prior Year closing figures)	44,512	(85,159)	1,273	1,237	16,176	874	(4,163)	(25,250)
Profit for the year ended 31 December 2021 available for discretionary division amongst Members	-	58,839	-	-	-	-	-	58,839
Members' interests after Profit for the year	44,512	(26,320)	1,273	1,237	16,176	874	(4,163)	33,589
Partners' Distribution	-	(71,590)	-	-	-	-	-	(71,590)
Partners' Capital Contributed	2,995	-	-	-	-	-	-	2,995
Partners' Capital Repaid	(6,946)	-	-	-	-	-	-	(6,946)
Member's Interest Transfers	-	1,683	-	-	-	-	-	1,683
Partners' Equity - Other	2,237	1,640	728	(78)	2,553	(37)	1,616	8,659
Members' interests at 31 December 2021	42,798	(94,587)	2,001	1,158	18,729	837	(2,547)	(31,610)
Thereof:								
Amounts due from Members	-	(94,683)	-	-	-	-	-	(94,683)
Amounts due to Members	42,798	96	2,001	1,158	18,729	-	-	64,782
Members' other interests	-	-	-	-	-	837	(2,547)	(1,709)

Dentons Europe LLP

Consolidated statement of changes in net debt for the year ended 31 December 2022

Year End 2022	Balance at beginning of period	Cash flows	Non-cash changes	Balance at end of period
	€'000	€'000	€'000	€'000
Cash	60,432	(13,160)	-	47,272
Borrowings < 1 year	(197)	41	(109,971) *	(110,127)
Borrowings > 1 year	(102,445)	(9,267)	109,971 *	(1,741)
Net debt before Members' balances	(42,210)	(22,386)	-	(64,596)
Loans and other debts due to Members				
Members' capital	(42,798)	(8,379)	-	(51,177)
Other amounts due to Members	(64,163)	165,859	(143,212) **	(41,516)
Other amounts due from Members	-	-	-	-
Net debt	(149,171)	135,094	(143,212)	(157,289)

* Update in maturity profile of loan as per note 18, for which no cash changed hands.

** The non-cash movements in other amounts due to/from Members represent accrual-basis profits accumulated in the year but not drawn, and other movements for which no cash changed hands, primarily withholding tax deductions allocated to members for which cash has already been paid in previous years.

The notes on pages 19 to 39 form part of these financial statements.

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies

Dentons Europe LLP is a Limited Liability Partnership ('LLP') incorporated in England & Wales under the Companies Act.

This is a consolidated set of accounts. Dentons Europe LLP is not owned by another corporate entity but is wholly owned by its members who are individuals, and as such there is not one controlling entity. During the year ended 31 December 2022 and as at 31 December 2022, none of the members of Dentons Europe LLP owned more than 5% of the ownership or voting rights in Dentons Europe LLP.

The financial statements have been prepared in euros, also the Group's functional currency, under the historical cost convention in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2017) 'Accounting by Limited Liability Partnerships'.

Dentons Europe LLP, as a parent entity, 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 parent only financial instruments disclosures, presentation of a parent only cash flow statement and remuneration of parent only key management personnel.

Basis of preparation: Going concern

Dentons Europe Group closely monitors development of the current geopolitical situation following Russia's invasion of Ukraine, instability in energy markets and a general growth in inflation rates in jurisdictions where the Group operates which drive increased cost pressure. As a result of the separation of the Russian offices from the Dentons Europe Group, the Group's management closely monitor the impact of the separation on revenue, costs and net profit as well as its cash flows and bank covenants and notes the uncertainty that continues to exist. The costs incurred and expected to be incurred in connection with the separation result in increased cash outflows during the 2022 - 2024 period.

Overall, Dentons Europe Group has not identified any significant threats arising from Russia's invasion of Ukraine and separation of the Russian offices and the generally increased inflation rates that would affect its business continuing to operate as a going concern.

Dentons Europe Group has performed a sensitivity analysis that gives the likely impact on cash flows and cash position at a different level of revenue (measured internally on a modified cash basis). While observing the goal of compliance with bank covenants, the analysis models a worst case scenario of a decline in revenue by 12%, and takes into account a temporary relaxation of two of the covenants already agreed to by the banks for a limited period in 2023 and in 2024. The modelling point of the sensitivity analysis that leads to break even is the covenants being breached.

The results of the sensitivity analysis performed through to December 2024 show that a decline in revenues up to 12% compared to a base case scenario can be absorbed by the Group with cost saving actions and cash flow deferrals needed to be implemented in order to maintain a positive liquidity position and comply with bank covenants, including the temporary relaxation of two of the covenants, and it shows positive liquidity available at that time. The base case scenario reflects actual results achieved in the first half of 2023, budgeted results for the second half of 2023 and a forecast for the rest of the period until December 2024 with a conservative assumption of no growth in 2024. The analysis takes into account the Group's cash balances at the end of June 2023, costs and cash outflows expected in connection with the Russian offices' separation that will be incurred during the second half of 2023 and in 2024, and also reflects current market circumstances and increased inflation rates in jurisdictions where the Group operates and their impact on local operating costs. The model also shows that a break-even point of breaching one of the bank covenants would be at a 4% decline in revenues, at a 8% decline in revenues or at a 12% decline in revenues (compared to the base case scenario). The three scenarios take into account various levels of mitigation actions compared to assumptions of the base case scenario (including, among others, decrease in operating costs and capital expenditures, increased capital requirements, and deferring some of the payments due to partners). Despite a relatively small revenue sensitivity of the 4% decline in revenues in the first scenario, the management believe no material uncertainty exists due to what is primarily a temporary impact of the Russian offices' separation in relation to covenant compliance, and any potential uncertainty can be averted by deferral of the profit distributions to partners as tested by the other two scenarios of the sensitivity analysis.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business and promote better utilisation of free cash available within the Group, including enhanced intra-group cash pooling and intra-group loans arrangements. Moreover, the management can introduce a limitation of discretionary capital expenditures and reduction in operating expenses if and when needed. Dentons Europe Group currently believes it is unlikely that it will need to take these additional measures during the course of 2023 or 2024 (with the exception of potentially deferring some of the profit distributions to partners and payments made on behalf of partners), but Dentons Europe Group has the flexibility and is ready to take further measures should the market situation or other circumstances worsen. The management have stated that they are able to increase savings through further negotiations with suppliers, lessors etc. In direct costs, the management also have a large degree of cost flexibility since vast majority of lawyers are self-employed.

Furthermore, Dentons Europe Group has taken all steps it needs to ensure it is not subject to material claims or penalties due to assisting, or dealing with, sanctioned clients in Russia and the Group does not face any significant risks in terms of services provided to clients in the past.

As a result of a decrease in net assets of the Group attributable to, among other factors, the costs of separation of Russian offices, the Group acknowledged a technical breach of one of the covenants. This breach was subsequently waived by the banks and the banks also agreed to a temporary relaxation of that covenant (refer to note 18 for more details).

As such, the members consider the Group and the LLP to remain a going concern and the accounts have been prepared on the going concern basis as a consequence.

Basis of consolidation

The financial statements consolidate the results and financial position of Dentons Europe LLP and all its subsidiary undertakings as well as all other entities controlled through various controlling arrangements over their assets, liabilities and profits for the benefit of the Group ('Dentons Europe').

Dentons Europe LLP
Notes forming part of the financial statements
for the year ended 31 December 2022 (Continued)

1 Accounting policies (Continued)

Intangible fixed assets

Intangible assets encompass expenditures that have been capitalized as components of the Firm-wide finance transformation programme ('FFT intangibles'). These FFT intangibles solely consist of expenditures that meet the criteria for capitalization. The remainder of the programme's costs are expensed as they are incurred. The management anticipates the completion of the programme by the conclusion of 2025. Additionally, the management intends to finalize the capitalization of these expenditures within the same year, with an amortization period of 10 years commencing from 2025.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Software	- 20% to 50%
Leaseholds Improvements	- The term of the lease
Office equipment	- 20% to 33%
Motor vehicles	- 16% to 20%

Dilapidation assets are depreciated over the corresponding term of the lease to which the dilapidation liability attaches.

Art comprises pictures and is included at historical cost less provisions for permanent diminution in value.

Profits or losses arising from the disposal of fixed assets are included in other operating income.

Investment in joint ventures

Investments in joint ventures are recognised initially in the consolidated and parent LLP's statements of financial position at cost. Subsequently this is adjusted in the consolidated financial statements, but not those of the parent LLP, to reflect the Group's share of total comprehensive income and equity of the joint venture, less provision for impairment in the consolidated statement of financial position of the Group. Losses in excess of the carrying amount of an investment in the joint venture are not recorded as the Group has no obligations (constructive or legal) to repay those losses to the joint ventures. Investments in joint ventures are accounted for at cost less impairment in the individual financial statements of the parent Limited Liability Partnership.

Turnover

Turnover represents the revenue earned for legal and advisory services performed during the period, net of any sales tax and discounts given to clients. Services provided to clients during the period that have not yet been invoiced as of the date of the statement of financial position have been recognised as turnover. This recognition is based on an assessment of the fair value of the services provided and presented in accrued income. Disbursements incurred and billed to clients during the period are presented gross in revenue and operating expenses, as the Firm is acting as principal in these transactions and bears the risk of dealing directly with suppliers.

Segmental information is not disclosed as the members believe that to do so would be prejudicial to the interests of the firm.

Where the right to receive turnover is contingent on factors outside of the Group's control, the recognition of this revenue occurs when the contingent event to which it is linked occurs. The rights to economic benefits on this turnover must be more probable than not, and be capable of being reliably estimated at the point of recognition.

In the instance that billings on account exceed the value of work done on client assignments, these amounts are included as deferred revenues within accruals and deferred income.

Operating lease

Rentals under operating leases are charged to the consolidated income statements as incurred. Inducements to enter property leases are amortised to the end date of the lease in the consolidated income statement.

Provisions for claims

In common with comparable businesses, Dentons Europe Group is involved in disputes in the ordinary course of business which may give rise to claims. Provision is made in the financial statements for all claims where costs are likely to be incurred and represents the cost of defending and concluding claims. Dentons Europe Group carries professional indemnity insurance and no separate disclosure is made of claims covered by insurance as to do so could seriously prejudice the position of Dentons Europe Group.

Foreign currencies

In the financial statements of the Parent LLP and the individual companies, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the time the statement of financial position was prepared. Income statement transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising are dealt with in the consolidated income statement.

The result of overseas operations where functional currency of that operation differs from the Group's functional and presentational currency of the euro, are translated at average rates of exchange that are materially consistent with the exchange rate ruling at the date of the transactions being translated into these financial statements. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are recognised directly to reserves as other comprehensive income or expenses.

The functional currency of the Group is the euro (€), being the currency in which more than 50% of its sales are made, its suppliers are paid and its staff are paid. As such, the financial statements are also presented in €.

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022 (Continued)

1 Accounting policies (Continued)

Financial assets

Financial assets are initially measured at the transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment. For inter-entity transactions arising with interest-free terms attached, the asset is discounted back to its present value of future cash flows at discount rates considered by management to be market rates.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual obligations of the instrument, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Provisions for dilapidations

An estimate for potential dilapidations due on exit from group properties has been made and is reviewed annually. This provision is recognised as the sum of the future cash flows expected to be incurred on terminating leases. Management do not discount the provisions as the impact of the time value of money is not material.

Income tax

Income tax payable on the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

Some of the corporate companies of the Dentons Europe Group that are dealt with in these consolidated financial statements are subject to corporate tax based on their profits for the financial year. Some of the group undertakings are also subject to sales or trade tax, which is not recognized as part of the income tax.

Allocation of profits and drawings

Dentons Europe's drawings policy allows each member to draw a proportion of their profit in twelve monthly instalments with the balance of their profits paid in the subsequent year. All payments are made subject to cash requirements of the business.

Under the rules applied by Dentons Europe for profit division, all profits on accrual basis for the year are allocated to the members and as a result of this, 100% of the profits are allocated via "*Members' remuneration charged as an expense*". Advanced drawings in excess of allocated profits are included within 'Amounts due from members' in debtors and allocated profits in excess of drawings are included within 'Amounts due to members' as a liability.

Advance drawings represent payments on account of profits which may be allocated to members. The amount of such drawings is set at the beginning of each financial year taking into account the anticipated cash needs of the Group and may be reclaimed from members until profits have been allocated to them.

Members' capital

Capital contributions of each of the members are determined in accordance with principles set out in the LLP agreement. An individual member's capital requirement is linked to his or her share of profit and for certain class of members the capital requirements can be increased by the Europe CEO in accordance with the LLP agreement.

No member can withdraw or receive back any part of their principal capital contribution account while they are member of the LLP except for in specific circumstances as detailed in the LLP agreement.

Capital is repaid to members shortly after ceasing to be a member of the LLP in line with the rules set in the LLP agreement, or at such other time agreed with the member on separation. Members' subsequent capital is therefore classified as a liability due within one year.

Pension costs

Contributions to money purchase schemes and employees' personal pension plans are charged to the profit and loss as payable. Members of Dentons Europe LLP are expected to make their own pension arrangements.

A retirement indemnity fund based on number of years of service is allocated to each full interest member in accordance with LLP agreement. The fund is closed only to those members who were members of the LLP as at 31 December 2022.

The retirement indemnities are presented within members' interests separately for:

- Short-term retirement indemnity liabilities to members that are expected to retire within one year including amounts due to retired members and former members who left Dentons Europe Group.
- Long-term retirement indemnity liabilities to members who are expected to retire after one year.
- Long-term provision for retirement indemnities of members who have not reached the vested period yet.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the Statement of financial position date.

Dentons Europe LLP
Notes forming part of the financial statements
for the year ended 31 December 2021 (Continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

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. Statistical provisions have been applied to the unbilled time, taking into account the prior year's recoverability (percentage of realisation rates in particular offices) in the calculation. Material estimation uncertainty arises in the application of statistical provisions to the gross unbilled time based on the performance of individual offices year-on-year and variances of actuals against these estimates. The statistical percentage of realisation rates in particular offices is adjusted annually.

Trade Debtors

The recoverable value of trade debtors has been made on the basis of estimations and assumptions regarding their fair value. Statistical provisions have been applied to calculate the trade debtors recoverability, taking into account the prior year's recoverability (percentage of collection rates in particular offices) in the calculation. Material estimation uncertainty arises in the application of statistical provisions to the gross debtors based on the performance of individual offices year-on-year and variances of actuals against these estimates. The statistical percentage of collection rates in particular offices is adjusted annually.

Measurement of provisions

Management assesses if provisions are to be included in the financial statements based on their best estimate of impact on future cash flows and whether or not an obligation is arising as a result of a past event. Provisions include expected costs for lease termination, professional indemnity settlement costs and other commercial claims. At the end of December 2022, there is no material provision to be disclosed separately.

Retirement indemnity liability

In assessing the valuation of the retirement indemnity liability, management reviews and provides for their best estimate of the future cash flows on partner services accrued up to the year-end date. Reasonable assumptions are made about the distribution of these cash flows over future years (point value), the sustainable growth rate in profits of the Group (currently at 2.5%) and the discount rate to be used on recording these cash flows at their net present value, using rates attributable to high quality AA corporate bond rates with matching maturity periods. Any significant fluctuations of the growth rate may result in higher or lower retirement indemnity liabilities at the points of time when individual members retire. Further, point value (share of profit pool) as calculated and applied to the retirement indemnity liability is based on management's interpretation of the LLP agreement which caps points allocated to partners relevant for the purposes of calculating retirement indemnity of an individual partner and for calculation of the point value applied to the retirement indemnity liability.

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

3 Disposal group

In March 2022, due to geopolitical situation following Russia's invasion of Ukraine, the Group took a decision to exit Russia and began a process of separating its Russian offices in Moscow and St. Petersburg from the Group.

In December 2022, the Group signed a Master separation agreement based on which the Group relinquished and lost control over the Russian entities and business effective as of 1 January 2023 and has no ownership, influence or control as of the date of signing of these financial statements.

The offices in Moscow and St. Petersburg represent one disposal group since these offices formed together the Russian business of the Group. Carrying values of assets and liabilities of the disposal group are as follows:

Carrying amounts	31 December 2022
	€'000
Fixed Assets	4,394
Current Assets	22,854
Creditors and provisions falling due within one year	(3,582)
Net current assets	19,272
Creditors and provisions falling due after more than one year	(703)
Net assets	22,963

No impairments of assets were recognised as a result of the separation.

The Group management took into account all adverse impacts of the separation on revenue, net profit and cash flows when preparing a sensitivity analysis as disclosed in the Going concern paragraph in note 1.

Moreover, the Group recognised a provision of €942,000 for costs of settlement with members leaving the LLP as a result of the separation (refer to note 19).

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

4 Analysis of turnover	2022	2021
	€'000	€'000
Fees and movement on accrued income	476,736	454,152
Client disbursements	48,905	44,127
	<u>525,641</u>	<u>498,279</u>
5 Operating expenses	2022	2021
	€'000	€'000
Staff costs (note 7)	136,195	116,944
Depreciation	4,971	4,185
Cost of client disbursements	60,089	50,477
Foreign exchange Losses/(gains)	1,507	(3,062)
Other operating charges	193,723	164,659
	<u>396,485</u>	<u>333,203</u>
6 Other operating income	2022	2021
	€'000	€'000
Sublease Income	3,013	3,821
Other income	18,670	17,212
	<u>21,683</u>	<u>21,033</u>

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

7 Employees

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Staff costs (excluding members) consist of:				
Wages and salaries	115,729	98,535	52,032	45,414
Social security costs	19,080	17,168	8,071	7,345
Cost of defined contribution scheme	1,386	1,241	1,074	995
	<u>136,195</u>	<u>116,944</u>	<u>61,177</u>	<u>53,754</u>

The average number of employees during the year was as follows:

	Group 2022 Number	Group 2021 Number	LLP 2022 Number	LLP 2021 Number
Professional staff	807	868	288	289
Administrative staff	1,162	1,059	487	407
	<u>1,969</u>	<u>1,927</u>	<u>775</u>	<u>696</u>

8 Operating profit

	2022 €'000	2021 €'000
This is stated after charging (crediting) :		
Auditors remuneration payable to the Group Auditor and its associates for :		
• Audit services	770	484
• Other services	35	-
Depreciation of fixed assets	5,235	4,185
Operating lease payments		
• Land and buildings	23,038	22,537
• Other	1,553	1,103
Gain/(Loss) on sale of fixed assets	(75)	138
Defined contribution pension cost	1,386	1,241
	<u></u>	<u></u>

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

9 Interest payable and similar charges

	2022 €'000	2021 €'000
Interest payable on bank loans and overdrafts	1,946	1,658
Interest receivable on short term deposits and investments	(273)	(374)
Net interest payable	<u>1,673</u>	<u>1,284</u>

10 Members' remuneration

Profits are shared among the members each year in accordance with agreed profit sharing arrangements and include interest on member's funds.

	2022 Number	2021 Number
Average number of members	<u>276</u>	<u>271</u>

At 31 December 2022 there were 276 members (2021 - 271 members).

The profit share of the highest paid member was €4,447,000 (2021 - €3,524,000).

11 Taxation on profit on ordinary activities in corporate subsidiaries

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members.

The charge to tax, which arises in the corporate entities included within these financial statements, is:

Analysis of charge for the year	2022 €'000	2021 €'000
<i>Tax on foreign income:</i>		
Current tax expense	766	1,106
Deferred tax expense/(income)	150	(173)
	<u>916</u>	<u>933</u>

For corporate entities chargeable to corporate income tax, the difference between the actual charge disclosed above and tax computed at 19.00 % (the average of 2022 UK rate of Corporation Tax; 2021 - 19.00%) is due to members income disclosed as contractor or similar payments in the accounts of the local corporate entities.

Those and other permanent differences amounted to €5,784,000 (2021 - €1,761,000) and account for the difference between the actual charge of €916,000 (2021 - €933,000) and the theoretical tax charge of €6,700,000 (2021 - €2,694,000), computed at 19.00%.

The profit attributable to entities not subject to corporate tax was €114,306,000 (2021 - €171,218,000).

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

12 Intangible fixed assets

Group	FFT Intangibles €'000
<i>Cost</i>	
At 1 January 2022	-
Additions	2,016
At 31 December 2022	<u>2,016</u>
<i>Amortisation</i>	
At 1 January 2022	-
Charge for the year	-
At 31 December 2022	<u>-</u>
<i>Net book value</i>	
At 1 January 2022	-
At 31 December 2022	<u>2,016</u>

The FFT Intangibles encompass expenditures that have been capitalized in accordance with the accounting policy described in note 1: *Intangible fixed assets*.

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

13 Tangible fixed assets

Group	Software €'000	Leasehold Improvements €'000	Office Equipment €'000	Motor Vehicles €'000	Art €'000	Dilapidation Assets €'000	Total €'000
<i>Cost</i>							
At 1 January 2022	2,359	18,313	32,282	329	89	596	53,968
FA Reclassification	326	5,505	(6,252)	-	84	43	(294)
Exchange adjustments	(27)	(545)	(143)	(19)	-	12	(722)
Additions	23	5,984	1,867	-	33	53	7,960
Disposals	-	(553)	(533)	(110)	(1)	-	(1,197)
At 31 December 2022	2,681	28,704	27,221	200	205	704	59,715
<i>Depreciation</i>							
At 1 January 2022	(2,306)	(12,762)	(17,307)	(176)	38	(161)	(32,674)
FA Reclassification	(365)	131	105	(84)	46	(11)	(177)
Exchange adjustments	30	189	112	3	-	(4)	330
Charge for the year	(28)	(3,008)	(2,110)	(16)	(11)	(62)	(5,235)
Disposals	-	(1)	267	165	(129)	-	301
At 31 December 2022	(2,669)	(15,451)	(18,933)	(108)	(56)	(238)	(37,455)
<i>Net book value</i>							
At 1 January 2022	53	5,551	14,975	153	127	435	21,294
At 31 December 2022	12	13,253	8,288	92	149	466	22,260

The net book value of tangible fixed assets for the group includes an amount of €1,738,000 (2021: €3,787,000) in respect of assets held under finance leases and hire purchase contracts.

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

13 Tangible fixed assets (Continued)

LLP	Software	Leasehold	Office	Motor	Dilapidation		Total
	€'000	Improvements	Equipment	Vehicles	Art	Assets	€'000
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<i>Cost</i>							
At 1 January 2022	648	2,947	14,631	7	51	-	18,284
FA Reclassification	1	3,714	(3,893)	(7)	82	-	(103)
Exchange adjustments	(24)	(1)	(43)	-	-	-	(68)
Additions	4	704	789	-	28	-	1,525
Disposals	(1)	10	(6)	-	-	-	3
At 31 December 2022	628	7,374	11,478	-	161	-	19,641
<i>Depreciation</i>							
At 1 January 2022	(622)	(2,343)	(7,995)	(7)	38	-	(10,929)
FA Reclassification	1	(87)	4	7	(84)	-	(159)
Exchange adjustments	24	1	43	-	-	-	68
Charge for the year	(21)	(455)	(1,093)	-	(12)	-	(1,581)
Disposals	-	-	5	-	-	-	5
At 31 December 2022	(618)	(2,884)	(9,036)	-	(58)	-	(12,596)
<i>Net book value</i>							
At 1 January 2022	26	604	6,636	-	89	-	7,355
At 31 December 2022	10	4,490	2,442	-	103	-	7,045

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

14 Investments

Group	Other investments €'000
<i>Cost and valuation</i>	
At 1 January 2022	1,532
Exchange rate adjustments	(39)
Additions	269
Revaluation	4
Disposals	(185)
At 31 December 2022	<u>1,581</u>

The value of the LLP's interest in the entities' net assets approximates the aggregate cost disclosed above.

LLP	Subsidiary under- takings €'000	Jointly controlled entity €'000	Loans to subsidiary under- takings €'000	Other Investments €'000	Total €'000
<i>Cost or valuation</i>					
At 1 January 2022	793	3	761	1,013	2,570
Exchange rate adjustments	(38)		(195)	(37)	(270)
Additions	-	-	1,236	172	1,408
Disposals	-	-	-	(493)	(493)
At 31 December 2022	<u>755</u>	<u>3</u>	<u>1,802</u>	<u>655</u>	<u>3,215</u>

Subsidiaries	Country of incorporation	Activity	Percentage Owned
Direct owned Subsidiaries			
Dentons Europe Abogados SLU.....	Spain	Supply of legal services	100%
Dentons Europe Müşavirlik Limited Şirketi.....	Turkey	Supply of business services	100%
Dentons Europe (Central Asia) Limited (1).....	United Kingdom	Supply of legal services	100%
Dentons Europe (CIS) Limited (2).....	United Kingdom	Dormant	100%
SHH Sp. z o.o.....	Poland	Holding company	100%
Dentons Europe Services s.r.o.	Czech Republic	Supply of business services	100%
Dentons Europe (CIS) BV.....	Netherlands	Holding company	100%
Dentons Europe (London) Limited (3).....	United Kingdom	Supply of legal services	100%
LLC Dentons Europe.....	Ukraine	Supply of legal services	100%
Dentons Europe Consulting B.V.....	Netherlands	Supply of advisory services	100%

(1) Dentons Europe (Central Asia) Limited (Company Number - 04623977) is exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act, as it will obtain a parental guarantee issued by Dentons Europe LLP. No members have requested for this subsidiary to obtain an audit of its accounts for the year in question in accordance with section 479A of the Companies Act.

(2) This is a dormant entity and thus this subsidiary of Dentons Europe LLP has not been included in the Group consolidation.

(3) Dentons Europe London Limited (Company Number - 11285815) is exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act, as it will obtain a parental guarantee issued by Dentons Europe LLP. No members have requested for this subsidiary to obtain an audit of its accounts for the year in question in accordance with section 479A of the Companies Act.

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

14 Investments (Continued)

Subsidiaries	Country of incorporation	Activity	Percentage Owned
Indirect			
Dentons Europe OOO (1)	Russia	Supply of legal services	100%
Dentons Europe AO (1)	Russia	Supply of legal services	100%
Dentons Kazakhstan LLP	Kazakhstan	Supply of legal services	100%
Green Tower Investments sp. z o.o. w likwidacji (2)	Poland	Entity held for transacting with clients	100%
Nextlaw In-House Solutions - Europe GmbH	Switzerland	Supply of advisory services	100%
Dentons Europe Consulting Zrt.	Hungary	Supply of advisory services	100%

(1) Refer to subsequent events' disclosure (note 26).

(2) As a result of its results not being material to the Group, this subsidiary of Dentons Europe LLP has not been included in the Group consolidation and are disclosed as investments.

Other investments

Entity or Undertaking	Country of incorporation	Activity	Percentage Owned
Moscow Advocates Bureau Dentons (1)	Russia	Supply of legal services	-
Erantium Sp. z o.o. (2)	Poland	Supply of advisory services	-
Dentons Réccicza Ügyvédi Iroda (1)	Hungary	Supply of legal services	-
Balcioğlu Selçuk Akman Keki Avukatlık Ortaklığı (1)	Turkey	Supply of legal services	-
Dentons Europe AARPI (1)	France	Supply of legal services	-
Dentons Europe Dąbrowski i Wspólnicy sp.k (1)	Poland	Supply of legal services	-
Dentons Europe CS LLP (1)	United Kingdom	Supply of legal services	-
Dentons Europe - Zizzi-Caradja si Asociatii SPARL (1)	Romania	Supply of legal services	-
Dentons Europe Studio Legale Tributario (1)	Italy	Supply of legal services	-
Dentons Luxembourg SCS (1)	Luxembourg	Supply of legal services	-
Dentons Luxembourg GP Sàrl (Luxembourg) (1)	Luxembourg	Holding company	-
Dentons Georgia LLC (1)	Georgia	Supply of legal services	-
Dentons Tashkent (1)	Uzbekistan	Supply of legal services	-
Dentons Europe Danismanlık Hizmetleri Avukatlık Ortaklığı (1)	Turkey	Supply of legal services	-
Dentons GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (1)	Germany	Supply of professional Services	100%
Dentons Europe Beteiligungsgesellschaft bürgerlichen Rechts (2)	Germany	Holding company	100%
Dentons Treuhand Beteiligungsgesellschaft mbH (2)	Germany	Holding company	100%
Salans Stiftungsmanagement UG (2)	Germany	Administration of foundation	100%
aptus 835. GmbH (2)	Germany	Entity held for transacting with clients	100%
VR Trust Beteiligungsgesellschaft mbH (2)	Germany	Entity held for transacting with clients	100%
Hatz Vermögensgesellschaft GmbH (2)	Germany	Entity held for transacting with clients	100%
Zweite VR Trust Beteiligungs UG (2)	Germany	Entity held for transacting with clients	100%
Recylex Vermögensverwaltungs GmbH (2)	Germany	Entity held for transacting with clients	100%
SBS Management GmbH (2)	Germany	Entity held for transacting with clients	100%
P + S Beteiligungs GmbH (2)	Germany	Entity held for transacting with clients	100%
Brandl Maschinenbau Vermögensbeteiligungsges. mbH (2)	Germany	Entity held for transacting with clients	100%
Brillant 3256. Asset Management GmbH (2)	Germany	Entity held for transacting with clients	100%
LDB Investment SARL (2)	Germany	Entity held for transacting with clients	100%
Unser Heimatbäcker Beteiligungsgesellschaft mbH (2)	Germany	Entity held for transacting with clients	100%
Brillant 3288. GmbH (2)	Germany	Entity held for transacting with clients	100%
Blitz 20-209 UG (haftungsbeschränkt) (2)	Germany	Entity held for transacting with clients	100%
Brillant 3362. GmbH (2)	Germany	Entity held for transacting with clients	100%
Dentons Europe Foundation (2)	Germany	Foundation	100%
Denver Administration UG (haftungsbeschränkt) (2)	Germany	Entity held for transacting with clients	100%
Dentons Europe (Germany) Legal Rechtsanwaltsgesellschaft mbH (2)	Germany	Holding company	100%
Dentons Europe (Germany) Beteiligungs GbR, Berlin (2)	Germany	Holding company	100%
Denver II Immobilien UG (haftungsbeschränkt) & Co. KG (2)	Germany	Entity held for transacting with clients	100%
Dentons Europe (Germany) GmbH & Co. KG (2)	Germany	Supply of legal services	100%
Blitz F07-neunhundert-achtzig-acht GmbH (2)	Germany	Entity held for transacting with clients	100%
Brillant 3823. GmbH (2)	Germany	Entity held for transacting with clients	100%
Brillant 3673. GmbH (2)	Germany	Entity held for transacting with clients	100%
Bambino 236. V V UG (haftungsbeschränkt) (2)	Germany	Entity held for transacting with clients	100%
Brillant 3809. GmbH (2)	Germany	Entity held for transacting with clients	100%
GEALAN-Formteile Vermögensbeteiligungs-gesellschaft mbH (2)	Germany	Entity held for transacting with clients	100%

(1) The results of these entities are included in the Dentons Europe Group consolidation as a result of existing contractual arrangements entered into with the entity and/or its members, partners or shareholders.

(2) As a result of their results not being material to the Group or as a purpose of their holding being transacting with clients only, these entities of the Dentons Europe Group have not been included in the Group consolidation and are disclosed as investments.

On page 40, "Appendix to the financial statements", a full list of the registered office locations for all of the above entities is provided.

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

15 Investment in Joint Venture

In 2016, the Group co-established a jointly controlled entity, Dentons Business Services EMEA Sp. z o.o.

In 2018, the Group co-established a jointly controlled entity, Dentons Patent Solutions Rechtsanwaltsgesellschaft mbH, as a subsidiary of Dentons Patent Holding GbR. The joint control is achieved through agreements with the other venturer.

On page 40, "Appendix to the financial statements", the registered office locations are provided.

Venture	Incorporation	Activity	Owned
Dentons Business Services EMEA Sp. z o.o.	Poland	Supply of business services	50%
Dentons Patent Solutions Rechtsanwaltsgesellschaft mbH	Germany	Supply of legal services	50%

Group	Investment in Joint Ventures €'000
<i>Valuation</i>	
At 1 January 2022	1,484
Exchange Adjustment	(30)
Additions	-
Share of profit of joint venture	404
Revaluation	-
Disposals	-
At 31 December 2022	<u>1,858</u>

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

16 Debtors

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Trade debtors	86,079	69,911	27,471	22,680
Corporation tax	3,382	3,126	29	12
Amounts due from joint ventures	280	215	273	-
Amounts owed by group undertakings	-	-	92,843	65,642
Other debtors	32,962	43,437	11,693	8,721
Prepaid expenses	9,631	11,601	3,847	1,480
Accrued income	86,369	77,445	21,328	21,406
	<u>218,703</u>	<u>205,735</u>	<u>157,484</u>	<u>119,941</u>

In August 2021, the Group entered into various agreements and negotiated settlement of historic debts amounting to €17,835,000 by way of acquisition of bond agreements to be sold back to the counterparty at book value in 2022. These amounts receivable were interest-free and the bonds were sold back during 2022.

In December 2022, the Group entered into various agreements and negotiated settlement of historic debts of up to €13,500,000. These agreements stipulated acquisition and sale of several bond agreements. Unlike the instruments in the prior period, the risk of sale remains with the Group and the Group could only use any proceeds from the sale of the bond agreements to settle the historic debts due from clients. As such the corresponding trade debtors have not been derecognised.

The bond agreements are not therefore recognised on the balance sheet at 2022 since they do not meet the definition of an asset to the Group.

In the respective income statements, the Group trade debtors' provision decreased by €4,835,000 in 2022 (2021 – provision increase of €16,255,000) and LLP trade debtors' provision increased by €2,667,000 (2021 – provision decrease of €3,906,000).

17 Other Non-Current Assets

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Security and Rent Deposits	2,103	2,675	28	24
Deferred Tax Assets	1,029	565	-	-
Other Debtors	1,801	1,703	1,662	866
	<u>4,933</u>	<u>4,943</u>	<u>1,690</u>	<u>890</u>

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

18 Creditors: Amounts falling due within one year

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Bank loans payable within one year	110,118	157	109,971	-
Bank overdraft	-	-	-	-
Trade creditors	36,541	27,892	9,448	2,159
Corporation tax	(391)	439	40	7
Amounts due to joint ventures	1,886	1,405	-	-
Amounts owed to group undertakings	-	-	67,286	33,883
Taxation and social security	31,993	26,449	18,517	14,252
Other creditors	23,980	16,839	11,054	9,077
Accruals and deferred income	7,111	21,459	10,453	12,166
Amounts due to former members	156	1,372	668	1,372
Obligations under finance lease and hire purchase contracts	9	40	9	15
	<u>211,403</u>	<u>96,052</u>	<u>227,446</u>	<u>72,931</u>

The bank loan facility of EUR 110 million was refinanced with a syndicate of lenders on 31 March 2020 and is due to expire in March 2025. Under the bank facility, the Group is required to present its quarterly accounts (Profit & Loss and Balance sheet) prepared on a modified-cash basis to the lenders, and to comply with bank covenants calculated therefrom. Whilst the Group still complied with the covenants calculated based on the modified-cash basis as of the end of 2022, the Group informed the lenders that the gearing covenant would be exceeded if calculated based on net borrowings and net assets as presented in these statutory consolidated financial statements, which meant a technical breach of that covenant evaluated retrospectively. All the lenders agreed to a waiver of that covenant as at 31 December 2022 and also agreed to a relaxation of this covenant for a limited period in 2023 and in 2024. Owing to the technical, temporary breach attributable to, among other factors, a decrease in net assets measured on an accrual basis due to the costs of separation of Russian offices, the Group has reclassified the loan facility to short-term liabilities as at 31 December 2022 to comply with the FRS102 definition of current liabilities. However, since this was not a continuing event of default and the lenders agreed to the relaxation of the covenant, the Group expects to present the bank facility in long-term liabilities at the end of 2023 with the ultimate due date in March 2025 remaining unchanged.

The facility is guaranteed by various subsidiaries. Interest is charged at 1.35% above EURIBOR.

19 Creditors: Provisions

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Short term Provisions	7,482	2,330	3,333	20
Long term provisions	54	1,202	-	-
	<u>7,536</u>	<u>3,532</u>	<u>3,333</u>	<u>20</u>

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

20 Creditors: Amounts falling due after more than one year

	Group 2022 €'000	Group 2021 €'000	LLP 2022 €'000	LLP 2021 €'000
Bank loans	623	100,787	-	100,000
Deferred tax	2,315	1,552	-	-
Amounts due to former members	120	-	120	-
Other Creditors	238	8	208	-
Obligations under finance lease and hire purchase	1,118	1,658	-	-
	<u>4,414</u>	<u>104,005</u>	<u>328</u>	<u>100,000</u>

The maturity of sources of debt finance are as follows:

Group

	Bank Loans and overdraft 2022 €'000	Finance leases 2022 €'000	Total 2022 €'000
In one year or less, or on demand	110,118	9	110,127
In more than one year but not more than two years	623	528	1,151
In more than two years but not more than five years	-	590	590
	<u>110,741</u>	<u>1,127</u>	<u>111,868</u>

	Bank Loans and overdraft 2021 €'000	Finance leases 2021 €'000	Total 2021 €'000
In one year or less, or on demand	157	40	197
In more than one year but not more than two years	219	528	747
In more than two years but not more than five years	100,568	1,130	101,698
	<u>100,944</u>	<u>1,698</u>	<u>102,642</u>

LLP

	Bank Loans and overdraft 2022 €'000	Finance leases 2022 €'000	Total 2022 €'000
In one year or less, or on demand	109,971	9	109,980
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
	<u>109,971</u>	<u>9</u>	<u>109,980</u>

	Bank Loans and overdraft 2021 €'000	Finance leases 2021 €'000	Total 2021 €'000
In one year or less, or on demand	-	15	15
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	100,000	-	100,000
	<u>100,000</u>	<u>15</u>	<u>100,015</u>

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

21 Financial instruments

The Group's financial instruments may be analysed as follows :

	Group 2022 €'000	Group 2021 €'000
Financial assets that are debt instruments measured at amortised cost	220,993	228,275
Financial assets that are debt instruments measured at fair value	-	-
	<u>220,993</u>	<u>228,275</u>
Financial liabilities measured at amortised cost	166,172	159,605
Financial liabilities measured at fair value	-	-
	<u>166,172</u>	<u>159,605</u>

Financial assets, measured at amortised cost, comprise cash at bank and in hand, trade debtors, accrued income, rental deposits and bond instruments.

Financial liabilities, measured at amortised cost, comprise trade creditors, bank loans, bank overdrafts, financial lease obligations, other creditors and accruals and deferred income. Further information on the maturity and other key terms of borrowings are disclosed in note 20 to these financial statements.

Dentons Europe LLP

Notes forming part of the financial statements for the year ended 31 December 2022

22 Cash Flow Statement

Reconciliation of operating profit to cash generated by operations :

	Note	2022 €'000	2021 €'000
Group profit for the year :		148,654	184,464
Adjustments for:			
Foreign exchange		(4,991)	-
Depreciation, impairment and amortisation of fixed assets		5,779	4,191
Taxation expense	11	916	933
(Gain)/Loss on disposal of tangible fixed assets		(75)	138
Net interest expense	9	1,673	1,284
Increase in provisions	19	1,156	1,598
Share of profit of equity accounted for investments	15	(404)	(571)
Operating cash flow before movement in working capital		152,708	192,037
Increase in trade and other debtors	16	(18,742)	(45,574)
Increase in trade and other creditors	18	15,033	13,886
Cash inflows from operations		148,999	160,349
Net Interest paid		(1,673)	(1,284)
Taxation paid		(1,221)	(1,392)
Net cash inflows from operating activities		146,105	157,673

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

23 Operating lease commitments

Lessee

The group and LLP had minimum lease payments under non-cancellable operating leases as set out below:

Group	2022 Land and buildings €'000	2022 Other €'000	2021 Land and buildings €'000	2021 Other €'000
Not later than one year	24,485	310	26,188	367
Later than one year and not later than five years	74,889	497	94,772	348
Later than five years	15,844	-	23,081	14
Total	115,218	807	144,041	729

Minimum lease payments under non-cancellable operating leases of the discontinued Russian operations (as described on note 3) have been excluded as of 31 December 2022. This exclusion is because these payments no longer represent future liabilities of the Group due to the separation of the Russian businesses effective as at 1 January 2023.

LLP	2022 Land and buildings €'000	2022 Other €'000	2021 Land and buildings €'000	2021 Other €'000
Not later than one year	10,661	170	10,883	152
Later than one year and not later than five years	32,754	350	39,309	119
Later than five years	12,051	-	15,503	-
Total	55,466	520	65,695	271

Banks agreed to guarantee the minimum lease payments under some of the non-cancellable operating leases, and to indemnify the landlords if the Group and/or the LLP fails to pay the rent. This represents contingent assets of the Group and the LLP, which have not been recognised as the crystallisation of these contingent assets does not meet the recognition criteria at the reporting date of being virtually certain.

Lessor

The group had minimum lease receipts under non-cancellable operating leases as set out below:

Group	2022 Land and buildings €'000	2021 Land and buildings €'000
Not later than one year	604	506
Later than one year and not later than five years	1,622	1,981
Total	2,226	2,487

LLP	2022 Land and buildings €'000	2021 Land and buildings €'000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Total	-	-

Dentons Europe LLP

Notes forming part of the financial statements
for the year ended 31 December 2022

24 Related party transactions

A number of transactions occurred during the year, with various entities under the control of Dentons Europe LLP.

At 31 December 2022 a net amount of €25,557,000 was owed by entities (2021 - €31,759,000 owed by entities) under the control of Dentons Europe LLP (note 16 and 18) in respect of fees invoiced by Dentons Europe LLP.

No interest is charged on these balances except for outstanding cash pool balances and intra-group loans.

A net amount of €11,821,000 was recharged from subsidiaries in the year 2022 (2021 - €11,770,000 recharged from subsidiaries).

During the year, the Group undertook work in the ordinary course of business from Dentons Business Services EMEA Sp. z o.o., a joint venture, at a cost of €11,821,000 (2021 - €9,308,000). The net amount due to the joint venture at year-end was €1,606,000 (2021 - €1,190,000). These balances are in respect of work performed (see notes 16 and 18).

Key management personnel include the Europe Board members and the Europe Chief Executive Officer, who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was €19,039,000 (2021 - €16,946,000).

25 Contingent liabilities

Dentons Europe LLP (as a guarantor) agreed to guarantee and indemnify a lender if Dentons Business Services EMEA Sp. z o.o. (as an obligor) fails to pay any amount due to the lender. At 31 December 2022 the amount of the guarantee was up to €2,625,000 (2021 - €2,625,000).

Dentons Europe LLP (as a guarantor) agreed to guarantee and indemnify a lender if Dentons Group B.V. (as an obligor) fails to pay any amount due to the lender. At 31 December 2022 the amount of the total value of the guarantee was up to €12,168,000 but only €11,788,000 was utilised (2021 - guarantee up to €12,180,000 but only €7,546,000 utilised).

26 Subsequent events

Effective as of 1 March 2023, Dentons Europe (Germany) GmbH & Co. KG took over business operations of German branch of Dentons Europe LLP. This was an intra-group restructuring and a transaction under common control of the Group and hence there is no impact on consolidated financial statements of the Group. However, since the German branch operations were significant to Dentons Europe LLP, there will be a significant impact on its stand-alone financial statements including net profit, assets and liabilities in 2023.

Except for the aforementioned and completion of the separation of the Russian offices in Moscow and St. Petersburg from the Group as described in note 3, the Group's management is not aware of any other material events that have occurred since the statement of financial position date that would have any impact on the financial statements as at 31 December 2022.

Dentons Europe LLP

Appendix to the financial statements
for the year ended 31 December 2022

In the following appendix, the registered office locations of all subsidiaries, associates and joint ventures are listed.

Principal entities included in the consolidation (refer to Note 14)

Directly owned subsidiaries	Registered office	Country of incorporation
Dentons Europe Abogados SLU.....	Paseo de la Castellana, 53, 8a planta, 28046 Madrid	Spain
Dentons Europe Müşavirlik Limited Şirketi.....	Esentepe Mah. Büyükdere Cad. Tekfen Tower Apt. No: 209 Kat 8 Şişli İstanbul	Turkey
Dentons Europe (Central Asia) Limited.....	One Fleet Place, London, EC4P 4GD	United Kingdom
Dentons Europe (CIS) Limited.....	One Fleet Place, London, EC4P 4GD	United Kingdom
SHH Sp. z o.o.....	Zajęcza 4, 00-351 Warsaw	Poland
Dentons Europe Services s.r.o.....	V Celnici 1034/6, 110 00 Praha 1	Czech Republic
Dentons Europe (CIS) BV.....	Gustav Mahlerplein 2, 1082 MA Amsterdam	Netherlands
Dentons Europe (London) Limited.....	One Fleet Place London EC4P 4GD	United Kingdom
LLC Dentons Europe.....	49-A, Volodymyrska Street, Kyiv, 01001	Ukraine
Dentons Europe Consulting B.V.....	Gustav Mahlerplein 2, 1082 MA Amsterdam	Netherlands
Indirectly owned subsidiaries	Registered office	Country of incorporation
Dentons Europe OOO.....	Jensen House, 5th Floor, Nevsky Prospect, 32-34, lit. A, St. Petersburg, 191011	Russia
Dentons Europe AO.....	White Gardens Business Center, Floor 12, Lesnaya ulitsa, 7, Moscow 125196	Russia
Dentons Kazakhstan LLP.....	Abylai Khan Ave 135, Almaty 050000	Kazakhstan
Green Tower Investments sp. z o.o. w likwidacji.....	Zajęcza 4, 00-351 Warsaw	Poland
Nextlaw In-House Solutions - Europe GmbH.....	c/o Walder Wyss AG, Seefeldstrasse 123, 8008 Zurich	Switzerland
Dentons Europe Consulting Zrt.....	Andrássy út 11, Budapest, 1061	Hungary
Other Investments	Registered office	Country of incorporation
Moscow Advocates Bureau Dentons.....	White Gardens Business Center, Floor 12, Lesnaya ulitsa, 7, Moscow 125196	Russia
Eranium Sp. z o.o.....	Zajęcza 4, 00-351 Warsaw	Poland
Dentons Récizca Ügyvédi Iroda.....	Andrássy út 11, Budapest, 1061	Hungary
Balcioğlu Selçuk Akman Keki Avukatlık Ortaklığı.....	Büyükdere Caddesi, Bahar Sokak No.13, River Plaza Kat 11-12, 34394 Levent, Şişli, İstanbul	Turkey
Dentons Europe AARPI.....	5 Boulevard Malesherbes, Paris, 75008	France
Dentons Europe Dąbrowski i Wspólnicy sp.k.....	Zajęcza 4, 00-351 Warsaw	Poland
Dentons Europe CS LLP.....	One Fleet Place, London, EC4P 4GD	United Kingdom
Dentons Europe - Zizzi-Caradja si Asociatii SPARL.....	The Mark, Calea Grivitei nr. 84-98, Bucharest, 010735	Romania
Dentons Europe Studio Legale Tributario.....	Piazza degli Affari, 1, 20123 Milano	Italy
Dentons Luxembourg SCS.....		Luxembourg
Dentons Luxembourg GP Sàrl (Luxembourg).....	Atrium Vitrum Building, 33, rue du Puits Romain, 8070 Bertrange - Luxembourg	Luxembourg
Dentons Georgia LLC.....	Old Tbilisi District, Kazbegi str., №3-5, Tbilisi 0179, Georgia	Georgia
Dentons Tashkent.....	58 Bobur Street, 100022 Tashkent	Uzbekistan
Dentons Europe Danismanlık Hizmetleri Avukatlık Ortaklığı.....	Büyükdere Caddesi, Bahar Sokak No.13, River Plaza Kat 11, Esentepe, Şişli, İstanbul	Turkey
Dentons GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft.....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Europe Beteiligungsgesellschaft bürgerlichen Rechts.....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Treuhand Beteiligungsgesellschaft mbH.....	Thum-und-Taxis-Platz 6, 60313 Frankfurt am Main	Germany
Salans Stiftungsmanagement UG.....	Markgrafenstraße 33, 10117 Berlin	Germany
aptus 835. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
VR Trust Beteiligungsgesellschaft mbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Hatz Vermögensgesellschaft GmbH.....	Messestraße 3, 94036 Passau	Germany
Zweite VR Trust Beteiligungs UG.....	Markgrafenstraße 33, 10117 Berlin	Germany
Recylex Vermögensverwaltungs GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
SBS Management GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
P + S Beteiligungs GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Brandt Maschinenbau Vermögensbeteiligungsges. mbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Brilliant 3256. Asset Management GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
LDB Investment SARL.....	Markgrafenstraße 33, 10117 Berlin	Germany
Unser Heimatbäcker Beteiligungsgesellschaft mbH.....	Marktplatz 2, 17033 Neubrandenburg	Germany
Brilliant 3288. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Blitz 20-209 UG (haftungsbeschränkt).....	Markgrafenstraße 33, 10117 Berlin	Germany
Brilliant 3362. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Europe Foundation.....	Markgrafenstraße 33, 10117 Berlin	Germany
Denver Administration UG (haftungsbeschränkt).....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Europe (Germany) Legal Rechtsanwaltsgesellschaft mbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Europe (Germany) Beteiligungsges. GbR, Berlin.....	Markgrafenstraße 33, 10117 Berlin	Germany
Denver II Immobilien UG (haftungsbeschränkt) & Co. KG.....	Markgrafenstraße 33, 10117 Berlin	Germany
Dentons Europe (Germany) GmbH & Co. KG.....	Markgrafenstraße 33, 10117 Berlin	Germany
Blitz F07-neunhundert-achtzig-acht GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Brilliant 3823. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Brilliant 3673. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Bambino 236. V V UG (haftungsbeschränkt).....	Markgrafenstraße 33, 10117 Berlin	Germany
Brilliant 3809. GmbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
GEALAN-Formteile Vermögensbeteiligungsgesellschaft mbH.....	Markgrafenstraße 33, 10117 Berlin	Germany
Jointly controlled entities	Registered office	Country of incorporation
Dentons Business Services EMEA Sp. z o.o.....	Al. Jana Pawła II 27, 00-867 Warsaw	Poland
Dentons Patent Solutions Rechtsanwaltsgesellschaft mbH.....	Thum-und-Taxis-Platz 6, 60313 Frankfurt am Main	Germany
(joint control through Dentons Patent Holding GbR)		