

Registered number OC326345

# Linklaters

Consolidated Annual Report  
and Annual Financial  
Statements  
of Linklaters LLP  
for the year ended  
30 April 2020.



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**Year ended 30 April 2020**

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## **Report to the Members Year ended 30 April 2020**

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The Partnership Board ("PB") submit their report together with the audited consolidated financial statements of Linklaters LLP and its subsidiary undertakings for the year ended 30 April 2020.

### **Group structure**

Linklaters LLP is a limited liability partnership registered in England and Wales with the registration number OC326345 and is incorporated under the Limited Liability Partnerships Act 2000.

Linklaters is the collective name for the legal practice comprising Linklaters LLP and its group of affiliated undertakings. The consolidated financial statements incorporate the financial statements of Linklaters LLP and its subsidiary entities. The consolidated results for the years ended 30 April 2020 and 2019 represent the consolidation of all entities controlled by Linklaters LLP which may be branches, partnerships or separate corporate entities ("the group"). The subsidiary undertakings affecting the profits or net assets of the group in the year are referred to in note 15 to the financial statements. In this report and financial statements, "Linklaters", or the "firm", means Linklaters LLP (or "the LLP") and the other partnerships, corporations and other undertakings which are authorised to carry the name "Linklaters" or to describe themselves as being "in association with Linklaters LLP" (or similar expressions) but excluding its alliances referred to below. A list of members' names, and of the non-members who are designated as partners, is available for inspection at One Silk Street, London EC2Y 8HQ, which is also Linklaters LLP's principal place of business and registered office.

### **Principal activities**

The principal activity of Linklaters is the provision of legal services. During the period covered by these financial statements, the firm operated through a network of offices in Asia, Europe, the Middle East and the Americas. The firm also has alliance association arrangements with independent firms in Australia and Africa which are not associates of the firm. Its headquarters are in London.

### **Business operations review**

For the year ended 30 April 2020, the firm has achieved, under the circumstances, a strong financial performance. Many of the firm's regions and practice groups recorded strong results, in particular much of continental Europe, Asia, the Middle East and the UK, with performance being driven by some substantial M&A mandates and strong growth in Private M&A, Debt, Leveraged Finance, Project Finance, core commercial disputes, Equities, Derivatives and Structured Products.

Covid-19 came at the tail end of a strong year for the firm. Notwithstanding the change in circumstances arising as a result of Covid-19, the firm has been able to continue to support its people and clients. Covid-19 has impacted upon the results of the firm, but the firm has shown resilience in light of the current environment. The PB consider the results post the onset of Covid-19 to be satisfactory considering the potential of the impact and this has continued post year end. The long-term strategy remains unchanged: investing in a globally diverse talent base and growing the firm's practices sustainably to best serve the firm's clients.

### **Going concern**

The PB has a reasonable expectation that the LLP and the group have adequate resources to continue in operational existence for the foreseeable future which is a period of at least 12 months from the date of signing the accounts. The PB has considered the financial impact of the Covid-19 outbreak as part of the going concern assessment, including reviewing stress tests on the group's cash position through modelling various financial performance scenarios. Accordingly, and also taking into account the potential actions available to PB to mitigate the impact of any adverse scenarios, the group continues

## **Report to the Members (continued)**

### **Year ended 30 April 2020**

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

### **Management and designated members**

Linklaters LLP is managed and governed through two senior management boards. The PB is the governance body for the firm, responsible for strategic and other major decisions, and ensuring effective consultation across the firm. The PB meets on a regular basis and is elected by members in a manner reflecting the geographic and practice spread of the firm. The Executive Committee is the senior management committee of the firm, responsible to the PB for the sound management of the firm. It generally meets at least monthly and is responsible for key management decisions as well as for making recommendations to the PB and, where appropriate, through the PB to members, in relation to the major strategic decisions the firm takes. During the year it comprised the firm wide managing partner, heads of the firm's practice divisions, regions and client sectors, together with the firm's Global Chief Operating Officer, Chief Finance Officer and HR Director. Both senior management bodies vary the location of meetings between offices around the world (prior to the impact of Covid-19 towards the end of the financial year) and also operate through subcommittees that have delegated authority for specific areas within their remit. One such subcommittee is the Audit Committee, comprising up to seven members appointed by the PB. The Audit Committee has delegated authority from the PB to consider the key audit findings, to review financial information and make recommendations to the PB as to the settling of the firm's accounts.

The designated members (as defined in the Limited Liability Partnerships Act 2000) of Linklaters LLP during the year and up to the date of this report were:

Gideon Moore  
Charles Jacobs

### **Members' profit shares, drawings and capital**

There are a number of individuals who, for a variety of reasons, are not members of the LLP but who have the equivalent standing, status or qualifications of a member of the LLP and who are designated as partners. These individuals are generally remunerated on an equivalent basis to members but their remuneration is presented in the income statement as staff costs.

Where an individual receives his/her remuneration as an employee or consultant this is shown within "staff costs" in the notes to the consolidated income statement. Remuneration that is payable to a member that falls to be treated as a charge against profits rather than an allocation of profits is separately disclosed as "members' remuneration charged as an expense".

In the balance sheet, the amounts shown as 'members' interests' and 'amounts due from members' relate to amounts due to and from members of Linklaters LLP. Balances due to those individuals who are not members, but have an equivalent standing and are remunerated as directors, employees or consultants are shown in other creditors.

Members are remunerated solely out of the profits of Linklaters LLP and are required to make their own provision for pensions and other benefits. Final allocation of profits to members is determined by the PB, following a recommendation by the Audit Committee.

The final profits of the year are only possible to calculate, divide and allocate to members in the summer following the financial year-end. As members draw a proportion of their expected profit share during the year before the profits for that year have been divided and allocated, by the year-end their accounts with

## Report to the Members (continued)

### Year ended 30 April 2020

Linklaters are generally in deficit. These balances are shown in the Consolidated Balance Sheet as 'amounts due from members'. Once the profits of the year have been divided then the member accounts are in surplus by the amounts retained to settle their tax liabilities and their share of the year's profits not yet distributed. These balances then become a creditor of the LLP. Payment of members' profit share is made subject to the cash requirements of the firm, following approval by the PB.

### Financing

The firm is financed through members' own capital and undistributed profits, with a mixture of bank facilities also available. As at 30 April 2020, the firm had drawn £125 million in bank loans under committed facilities. Members subscribe capital interest free. The amount of capital per profit sharing unit is determined by the PB with reference to the future requirements of the firm, with the approval by a simple majority of members for any increase that would require members to contribute more than £10,000 per profit sharing unit. Capital is normally repaid to members within six months from them ceasing to be members of Linklaters. Members are required to give a minimum of not less than six months notice of their intention to retire from the Partnership. The members intend that capital will not fall below £40 million. Capital below this level is only repayable with the prior approval of the PB and is shown in the financial statements as equity with the remaining capital disclosed as a liability.

### Corporate responsibility

The firm reports on its corporate responsibility activities at [www.linklaters.com/responsibility](http://www.linklaters.com/responsibility) and the firm's 2020 Members' report on energy and carbon follows below.

### Report on Energy and Carbon

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations') requires Linklaters LLP to report on its UK energy and association carbon performance.

This report contains the minimum requirements for compliance, which relate to UK-verified energy and car mileage data. The firm conducts annual global reporting of its carbon footprint, which is published on the firm's website and accompanied by a third-party verification statement. The firm's global reporting of its carbon footprint and associated third party verification statement for the period ending 30 April 2020 ("FY20") are due to be published in the winter of 2020/21.

#### UK Scope 1 energy consumption and emissions in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e)

Scope 1	2017/18		2018/19		2019/20	
Energy types	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Natural Gas	6,557,025	1,208	5,779,912	1,063	5,889,964	1,083

**Report to the Members (continued)**  
**Year ended 30 April 2020**

**UK Scope 2 energy consumption & related tCO<sub>2</sub>e**

Scope 2	2017/18		2018/19		2019/20	
Energy type	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Grid-sourced renewable electricity (location based)	13,369,769	4,700	13,350,073	3,779	12,326,443	3,151
Grid-sourced renewable electricity (market based) purchased through Renewable Energy Guarantees of Origin (REGOs)	13,369,769	-	13,350,073	-	12,326,443	-

**UK Scope 3 business travel associated energy use and related tCO<sub>2</sub>e**

Scope 3	2017/18		2018/19		2019/20	
Energy types	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Business travel in employee-owned vehicles and/or short-term hire car	80,043	19	81,073	20	74,396	18

**Total Gross UK Emissions**

	2017/18		2018/19		2019/20	
	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e	kWh	tCO <sub>2</sub> e
Location based	20,006,837	5,927	19,211,058	4,862	18,290,803	4,251
Market based	20,006,837	1,227	19,211,058	1,083	18,290,803	1,101

**UK Intensity ratios**

	2017/18	2018/19	2019/20
kWh per employee	6,803	6,604	6,360
Tonnes of CO <sub>2</sub> e per employee (location-based)	2.0	1.7	1.5
kWh per meter squared occupied	311	299	285
Tonnes of CO <sub>2</sub> e per metre squared occupied	0.092	0.076	0.066

## **Report to the Members (continued)**

### **Year ended 30 April 2020**

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#### **Principal energy efficiency measures taken in the relevant financial year**

During FY20 the firm has not completed any significant energy reduction projects at its London or Colchester premises.

Over this period, the firm progressed with a review of its plant and made operational control changes to reduce wasted energy throughout the year. The firm continues to replace plant and controls to ensure reliability and efficiency are maintained and where possible improved.

The firm's financial spend on replacement building management controls was £91,500 during FY20. This is part of a rolling programme, which will continue in future financial years with the benefit ensuring the firm has reliable monitoring and control of building plant. The firm has changed its maintenance strategy away from calendar-based maintenance and now prioritises the commissioning of systems to ensure plant operates efficiently.

#### **Energy efficiency initiatives undertaken since 1997**

The firm has occupied its current London premises, One Silk Street, since 1997. Over this time the firm has undertaken an engineering plant review with many major items of plant and lighting being either replaced or refurbished with major investment between 2008 and 2010. This included, but was not limited to, water cooled chiller units and associated condenser pumps and dry air coolers, building management system controllers, air handling units, office lighting and associated controls.

The firm also occupies premises in Colchester with a similar plant review being undertaken in 2014. Since these works were completed, the firm has continued to identify and replace plant where a suitable business case could support improved efficiency and return on investment.

The firm's energy reductions and efficiency improvements have also been contributed to by the training of engineering staff, revised maintenance regimes and operational changes.

The firm's London and Colchester premises have relatively short leases remaining (approximately six years for London and four years for Colchester). To assist with energy management, the firm has worked with its engineering consultants to produce a life cycle report helping to identify plant which will need replacement or upgrading prior to the end of the lease.

#### **Carbon offsetting**

The firm introduced carbon offsetting groupwide in 2017 by purchasing carbon credits from the gyapa cookstoves project ([www.climatecare.org/gyapa-stoves-in-ghana/](http://www.climatecare.org/gyapa-stoves-in-ghana/)). In 2018, the firm committed to offsetting for three years by supporting the Gola Rainforest Conservation Project ("the Gola Project" see [www.linklaters.com/en/about-us/news-and-deals/news/2018/june/three-year-partnership-with-climatecare-on-world-environment-day](http://www.linklaters.com/en/about-us/news-and-deals/news/2018/june/three-year-partnership-with-climatecare-on-world-environment-day)) in Sierra Leone. In 2020, the firm purchased 15,500 offsets for the predicted firm wide 2020 tCO<sub>2</sub> emissions. In 2019 and 2018 the firm purchased carbon credits equal to the tCO<sub>2</sub> emission equivalent emitted.

The Gola Project is:

- a REDD+ (Reducing Emissions from Deforestation and Degradation), Verified Carbon Standards (VCS) and Climate, Community and Biodiversity (CCB) Double Gold standard carbon project; and
- a partnership between the Government of Sierra Leone, The Conservation Society of Sierra Leone, The RSPB and local communities.

By buying Gola Project carbon credits, the firm helps to ensure carbon remains locked in the forest, contributes to the financing of the protection of the forest from illegal activities, protects rare and

## **Report to the Members (continued)**

### **Year ended 30 April 2020**

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endangered wildlife that rely on the forest and supports Gola communities through sustainable livelihood projects.

#### **Methodology used to calculate the required information.**

The firm's emission data is calculated using the operational control reporting boundary and in accordance with the requirements of:

- the World Resources Institute 'Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised version)';
- GHG Protocol Scope 2 Guidance for market-based reporting; and
- 'Environmental reporting guidelines: Including Streamlined Energy and Carbon Reporting requirements' (Defra, 2019).

The firm has applied the appropriate conversion factors (BEIS 2019) provided by the UK Government for company greenhouse gas reporting for the year ending 30 April 2020.

Whilst the firm has endeavoured to obtain accurate and complete data wherever possible, where there have been data gaps, the firm has used reasonable estimations such as use of expenditure data as a proxy.

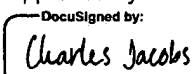
#### **Data verification**

The UK FY20 data in this report relating to emissions, energy consumption and intensity ratios has been verified to a reasonable level and the energy efficiency initiatives to a limited level to ISO14064:3 2019 standard by independent consultants, Avieco.

The verification report is available on our website at <https://www.linklaters.com/en/about-us/responsibility/environment>.

A list of members is available on the Companies House website at <https://find-and-update.company-information.service.gov.uk/company/OC326345>.

Approved by the PB to be signed on behalf of the Members on 16 October 2020 by

DocuSigned by:  
  
Charles Jacobs

Designated Member



## **Report to the Members (continued)**

### **Year ended 30 April 2020**

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#### **Members' responsibilities statement**

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and limited liability partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, as applied to limited liability partnerships, 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 group and limited liability partnership and of the profit or loss of the group and limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the limited liability partnership financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the group and limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

*The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.*

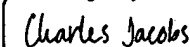
#### **Independent Auditors'**

The independent auditors of Linklaters LLP is PricewaterhouseCoopers LLP who will be proposed for reappointment. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors.

#### **Approval**

Approved by the PB to be signed on behalf of the Members on 16 October 2020 by

DocuSigned by:



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Charles Jacobs

Designated Member

## **Independent auditors' report to the Members of Linklaters LLP**

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### **Independent auditors' report to the members of Linklaters LLP**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Linklaters LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 30 April 2020 and of the group's profit and the group's and the limited liability partnership's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the limited liability partnership's financial statements, as applied in accordance with the provisions of the Companies Act 2006 as applied to limited liability partnerships; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Consolidated Annual Report and Annual Financial Statements (the "Annual Report"), which comprise: the Consolidated balance sheet as at 30 April 2020, the Limited Liability Partnership balance sheet as at 30 April 2020, the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement, the Limited Liability Partnership cash flow statement, the Consolidated statement of changes in equity and the Limited Liability Partnership statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 opinion.

##### **Independence**

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

##### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

## **Independent auditors' report to the Members of Linklaters LLP (continued)**

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However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and limited liability partnership's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the members for the financial statements*

As explained more fully in the Members' responsibilities statement set out on page 8, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the 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.

#### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Independent auditors' report to the Members of Linklaters LLP (continued)**

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### *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or 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.

We have no exceptions to report arising from this responsibility.



Kate Wolstenholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 October 2020

**Consolidated income statement**  
**For the year ended 30 April 2020**

	Notes	2020 £'m	2019 £'m
<b>Revenue from contracts with clients</b>	3	1,614.2	1,625.2
<b>Operating costs</b>			
Staff costs	5	(791.4)	(786.2)
Depreciation and amortisation		(82.4)	(23.8)
Other operating expenses		(226.2)	(259.2)
<b>Operating profit</b>	2	514.2	556.0
Finance income	6	1.5	1.6
Finance costs	6	(8.5)	(0.3)
<b>Profit before taxation</b>		507.2	557.3
Taxation	7	(35.9)	(36.5)
<b>Profit before members' remuneration and profit shares</b>		471.3	520.8
Members' remuneration charged as an expense		(1.3)	(1.5)
<b>Profit for the financial year available for discretionary division among members</b>		470.0	519.3

**Consolidated statement of comprehensive income**  
**For the year ended 30 April 2020**

	Notes	2020 £'m	2019 £'m
<b>Profit for the financial year available for discretionary division among members</b>		470.0	519.3
Other comprehensive income/(expense):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		0.6	(4.9)
<i>Items that will not be reclassified to profit or loss:</i>			
Net actuarial gain on defined benefit pension and post retirement benefit schemes (net of tax)	23/24	1.3	2.2
<b>Total comprehensive income for the year</b>		<u>471.9</u>	<u>516.6</u>

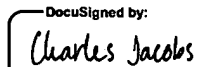
**Consolidated balance sheet**  
**As at 30 April 2020**

	Notes	At 30 April 2020 £'m	At 30 April 2019 £'m
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	64.2	51.0
Right-of-use assets	12	347.3	-
Intangible assets	14	11.0	13.1
Investments	15	0.8	0.7
Deferred tax asset	17	3.0	2.4
Pension scheme surplus	23	10.3	8.4
		<u>436.6</u>	<u>75.6</u>
<b>Current assets</b>			
Trade and other receivables	16	729.4	774.2
Net investment in sub lease receivable	12	1.4	-
Amounts due from members	21	93.0	84.6
Cash and cash equivalents	18	362.7	179.5
		<u>1,186.5</u>	<u>1,038.3</u>
<b>Total assets</b>		<u><u>1,623.1</u></u>	<u><u>1,113.9</u></u>
<b>Liabilities (including members' interests classified as liabilities)</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(430.2)	(424.4)
Lease liabilities	12	(51.1)	-
Bank loans under committed facilities	19	(125.0)	-
Current tax liabilities		(13.8)	(9.7)
Provisions	20	(0.4)	(1.4)
Members' capital classified as a liability	21	(70.9)	(66.7)
		<u>(691.4)</u>	<u>(502.2)</u>
<b>Non-current liabilities</b>			
Provisions	20	(62.3)	(44.4)
Lease liabilities	12	(315.4)	-
Post-retirement benefits other than pensions deficit	24	(0.8)	(0.8)
Members' capital classified as a liability	21	(46.8)	(40.4)
		<u>(425.3)</u>	<u>(85.6)</u>
<b>Total liabilities (including members' interests classified as liabilities)</b>		<u><u>(1,116.7)</u></u>	<u><u>(587.8)</u></u>
<b>Net assets</b>		<u><u>506.4</u></u>	<u><u>526.1</u></u>
<b>Equity</b>			
Members' capital classified as equity	21	40.0	40.0
Members' other interests - other reserves classified as equity	21	466.4	486.1
<b>Members' equity</b>		<u><u>506.4</u></u>	<u><u>526.1</u></u>
<b>Total members' interests</b>			
Amounts due from members'	21	(93.0)	(84.6)
Members' capital classified as a liability	21	117.7	107.1
Members' capital classified as equity	21	40.0	40.0
Members' other interests	21	466.4	486.1
		<u><u>531.1</u></u>	<u><u>548.6</u></u>

**Consolidated balance sheet (continued)**  
**As at 30 April 2020**

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As authorised by the Partnership Board on 15 October 2020 these financial statements of Linklaters LLP (Registered Number OC326345) were signed on behalf of the members on 16 October 2020 by:

DocuSigned by:  
  
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Charles Jacobs  
Senior Partner

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Gideon Moore  
Managing Partner



**Limited Liability Partnership balance sheet**  
**As at 30 April 2020**

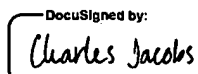
	Notes	At 30 April 2020 £'m	At 30 April 2019 £'m
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	32.7	20.4
Right-of-use assets	13	196.6	-
Investments	15	90.8	90.7
		<u>320.1</u>	<u>111.1</u>
<b>Current assets</b>			
Trade and other receivables	16	1,027.2	990.9
Net investment in sub lease receivable	13	1.4	-
Amounts due from members	22	93.0	84.6
Cash and cash equivalents	18	326.8	143.4
		<u>1,448.4</u>	<u>1,218.9</u>
<b>Total assets</b>		<u>1,768.5</u>	<u>1,330.0</u>
<b>Liabilities (including members' interests classified as liabilities)</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(978.2)	(856.4)
Lease liabilities	13	(24.0)	-
Bank loans under committed facilities	19	(125.0)	-
Current tax liabilities		(10.2)	(5.7)
Provisions	20	(0.1)	(1.1)
Members' capital classified as a liability	22	(70.9)	(66.7)
		<u>(1,208.4)</u>	<u>(929.9)</u>
<b>Non-current liabilities</b>			
Provisions	20	(52.4)	(42.1)
Lease liabilities	13	(185.3)	-
Post-retirement benefits other than pensions deficit	24	(0.5)	(0.5)
Members' capital classified as a liability	22	(46.8)	(40.4)
		<u>(285.0)</u>	<u>(83.0)</u>
<b>Total liabilities (including members' interests classified as liabilities)</b>		<u>(1,493.4)</u>	<u>(1,012.9)</u>
<b>Net assets</b>		<u>275.1</u>	<u>317.1</u>
<b>Equity</b>			
Members' capital classified as equity	22	40.0	40.0
Members' other interests - other reserves classified as equity	22	235.1	277.1
<b>Members' equity</b>		<u>275.1</u>	<u>317.1</u>
<b>Total members' interests</b>			
Amount due from members'	22	(93.0)	(84.6)
Members' capital classified as a liability	22	117.7	107.1
Members' capital classified as equity	22	40.0	40.0
Members' other interests	22	235.1	277.1
		<u>299.8</u>	<u>339.6</u>

**Limited Liability Partnership balance sheet (continued)**  
**As at 30 April 2020**

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As permitted by Section 408 of the Companies Act 2006, the LLP has not presented its own income statement. The profit of the LLP is £430.8 million (2019: £475.9 million profit).

As authorised by the Partnership Board on 15 October 2020 these financial statements of Linklaters LLP (Registered Number OC326345) were signed on behalf of the members on 16 October 2020 by:

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Charles Jacobs  
Senior Partner

DocuSigned by:  
  
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Gideon Moore  
Managing Partner

**Consolidated cash flow statement**  
**For the year ended 30 April 2020**

	<b>Note</b>	<b>2020 £'m</b>	<b>2019 £'m</b>
<b>Net cash from operating activities</b>	<b>25</b>	<b>634.4</b>	<b>485.5</b>
<b>Investing activities</b>			
Interest received		1.0	1.3
Purchases of property, plant and equipment		(30.8)	(17.4)
Purchase of intangible assets		(2.3)	(5.3)
Proceeds on disposal of property, plant and equipment		0.1	0.4
<b>Net cash used in investing activities</b>		<b>(32.0)</b>	<b>(21.0)</b>
<b>Financing activities</b>			
Interest paid		(8.0)	-
Bank loans under committed facilities		125.0	-
Distributions to and on behalf of members		(474.4)	(440.0)
Capital contributions by members		3.1	3.3
Capital repayments to members		(16.2)	(9.8)
Capital contributions by non members		2.0	2.0
Capital repayments to non members		(5.5)	(1.9)
Capital element of lease rentals		(63.3)	-
<b>Net cash used in financing activities</b>		<b>(437.3)</b>	<b>(446.4)</b>
<b>Net increase in cash and cash equivalents</b>		<b>165.1</b>	<b>18.1</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>179.5</b>	<b>178.2</b>
Effects of foreign exchange rate changes		18.1	(16.8)
<b>Cash and cash equivalents at end of year</b>		<b>362.7</b>	<b>179.5</b>

**Limited Liability Partnership cash flow statement**  
**For the year ended 30 April 2020**

	<b>Note</b>	<b>2020 £'m</b>	<b>2019 £'m</b>
<b>Net cash from operating activities</b>	26	622.1	442.8
<b>Investing activities</b>			
Interest received		0.5	1.3
Purchase of property, plant and equipment		(18.3)	(5.5)
Proceeds on disposal of property, plant and equipment		0.7	0.1
<b>Net cash used in investing activities</b>		<u>(17.1)</u>	<u>(4.1)</u>
<b>Financing activities</b>			
Interest paid		(3.5)	-
Bank loans under committed facilities		125.0	-
Distributions to and on behalf of members		(474.4)	(440.0)
Capital contributions by members		3.1	3.3
Capital repayments to members		(16.2)	(9.8)
Capital contributions by non members		2.0	2.0
Capital repayments to non members		(5.5)	(1.9)
Capital element of lease rentals		(30.4)	-
<b>Net cash used in financing activities</b>		<u>(399.9)</u>	<u>(446.4)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		205.1	(7.7)
<b>Cash and cash equivalents at beginning of year</b>		143.4	136.4
Effects of foreign exchange rate changes		(21.7)	14.7
<b>Cash and cash equivalents at end of year</b>		<u>326.8</u>	<u>143.4</u>

**Consolidated statement of changes in equity**  
**For the year ended 30 April 2020**

	<b>Members' capital £'m</b>	<b>Other reserves £'m</b>	<b>Total members' other interests: equity £'m</b>
<b>Balance at 1 May 2018</b>	40.0	425.5	465.5
Profit for the financial year available for division among members	-	519.3	519.3
Differences on translation of foreign operations	-	(4.9)	(4.9)
Actuarial gain on pension scheme	-	2.2	2.2
Total comprehensive income for the year	-	516.6	516.6
Profits allocated to members	-	(456.0)	(456.0)
<b>Balance at 30 April 2019</b>	40.0	486.1	526.1
Profit for the financial year available for division among members	-	470.0	470.0
Differences on translation of foreign operations	-	0.6	0.6
Actuarial gain on pension scheme	-	1.3	1.3
Total comprehensive income for the year	-	471.9	471.9
Profits allocated to members	-	(491.6)	(491.6)
<b>Balance at 30 April 2020</b>	40.0	466.4	506.4

**Limited Liability Partnership statement of changes in equity**  
**For the year ended 30 April 2020**

	<b>Members' capital £'m</b>	<b>Other reserves £'m</b>	<b>Total members' other interests: equity £'m</b>
<b>Balance at 1 May 2018</b>	40.0	226.9	266.9
Profit for the financial year available for division among members	-	475.9	475.9
Differences on translation of foreign operations	-	(4.9)	(4.9)
Total comprehensive income for the year	-	471.0	471.0
Profits allocated to members	-	(420.8)	(420.8)
<b>Balance at 30 April 2019</b>	40.0	277.1	317.1
Profit for the financial year available for division among members	-	430.8	430.8
Differences on translation of foreign operations	-	(1.7)	(1.7)
Total comprehensive income for the year	-	429.1	429.1
Profits allocated to members	-	(471.1)	(471.1)
<b>Balance at 30 April 2020</b>	40.0	235.1	275.1

## Notes to the financial statements

### For the year ended 30 April 2020

#### 1. Statement of accounting policies

Linklaters LLP is a limited liability partnership registered in England and Wales with offices in major business and financial centres around the world, incorporated on 27 February 2007. Prior to 1 May 2007 Linklaters carried out its business through an English law partnership called "Linklaters" which transferred substantially all of its assets to Linklaters LLP on 1 May 2007.

##### 1.1 Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee (IFRIC) interpretations as adopted by the European Union together with those parts of the Companies Act 2006 applicable to limited liability partnerships reporting under IFRS. None of the new standards and amendments that are not yet effective are expected to have a material effect on the group.

##### 1.2 Adoption of IFRS 16

The group has adopted IFRS 16 "Leases" from 1 May 2019, which has resulted in changes in the accounting policies and adjustments to the amounts recognised in the financial statements for the year ending 30 April 2020.

The group adopted IFRS 16 with a date of initial application of 1 May 2019 using the modified retrospective approach, whereby the right-of-use asset on transition equalled the lease liability, before the reclassification and adjustment of associated balance sheet items. Comparatives for the year ended 30 April 2019 have not been restated as permitted under the specific transition provisions in the standard. As required by the standard, this election has been consistently applied to all leases in which the group is a lessee and sublessor.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 2.4%.

The difference between operating lease commitments disclosed as at 30 April 2019 when applying IAS 17 to the lease liabilities recognised as at 1 May 2019 is presented in the table below:

	Consolidated £'m	LLP (as restated*) £'m
Operating lease commitments at 30 April 2019	461.1	259.2
Discount using incremental borrowing rate at 1 May 2019	(27.0)	(8.6)
Leases not yet commenced	(99.1)	(93.9)
Excluded short-term and low value leases	(0.4)	(0.4)
Reclassification of accruals	-	-
Reassessment of lease term	7.7	(1.1)
Lease liabilities recognised at 1 May 2019	<u>342.3</u>	<u>155.2</u>

\*The operating lease commitments at 30 April 2019 for the LLP have been restated to exclude previous subsidiary lease commitments included in error in the prior period.

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2020**

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#### **1. Statement of accounting policies (continued)**

The associated right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 April 2019.

*In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:*

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments as to whether a lease is onerous through applying IAS 37 immediately before 1 May 2019 as an alternative to performing an impairment analysis; and
- The accounting for operating leases with a remaining term of less than 12 months at 1 May 2019 as short-term leases;

The group has also applied IFRS 16 to a small number of leases on which the group acts as sub-lessor in relation to part of its office space. Where the sub-lease is material to the main lease, then it is classified as a finance lease and £4.7m has been de-recognised at 1 May 2019 from the group's right-of-use asset and recognised as a sub-lease receivable by the group. Where the sub-lease is not considered material to the main lease then it continues to be recognised as an operating lease and the rental income continues to be recognised in the income statement over the term of the sub-lease.

The group's accounting policy with regards to leases is set out in 1.9.

#### **1.3 Basis of preparation**

The consolidated financial statements incorporate the financial statements of Linklaters LLP and its subsidiary entities. The consolidated results for the years ended 30 April 2020 and 30 April 2019 represents the consolidation of all entities controlled by Linklaters LLP which may be branches, partnerships or separate corporate entities ("the group").

In this document, Linklaters means Linklaters LLP and the other partnerships, corporations and undertakings which are controlled by Linklaters LLP.

As permitted by Section 408 of the Companies Act 2006, the LLP has not presented its own profit and loss account. A profit of £430.8m (2019: £475.9m) is included within the financial statements of the LLP.

#### **1.4 Presentation of balance sheet**

The presentation of the consolidated and Limited Liability Partnership balance sheets have been amended in line with IAS 1 for both the years ended 30 April 2020 and 30 April 2019 to show some balances in a different format. This has resulted in £107.1m of members' capital in the prior year being represented from Members' equity to liabilities.

#### **1.5 Members' remuneration**

Remuneration paid to members under employment contracts, any other non-discretionary amounts payable to members and any automatic divisions of profit are recognised as an expense in the income statement as incurred, under the heading 'Members' remuneration charged as an expense'.



## Notes to the financial statements (continued)

### For the year ended 30 April 2020

#### 1. Statement of accounting policies (continued)

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of equity when the division occurs.

Members' remuneration charged as an expense includes all remuneration that does not relate to profit share.

##### 1.6 Members' interests

Members subscribe capital interest free. The amount of capital per profit sharing unit is determined by the Partnership Board ("PB") with reference to the future requirements of the firm, with the approval by a simple majority of members for any increase that would require members to contribute more than £10,000 per profit sharing unit. Capital is normally repaid to members within six months of them ceasing to be members of Linklaters. Members are required to give a minimum of not less than six months notice of their intention to retire from the firm. The members intend that capital will not fall below £40 million. Capital below this level is only repayable with the prior approval of the PB and is shown in the financial statements as equity with the remaining capital disclosed as a liability.

##### 1.7 Revenue from contracts with clients

Revenue from contracts with clients comprises professional charges and additional services, which the group may charge when invoicing clients, e.g. photocopying, excluding external disbursements charged to clients and value added tax, with adjustments made for any deferred or accrued income. Revenue for services provided to clients which has not been billed at the balance sheet date has been recognised based on the fair value of services provided up to the balance sheet date. Revenue is recognised only to the extent that there is an enforceable right to receive consideration for the work performed in relation to performance obligations as set out in the agreement with the client.

Where the right to receive payment is contingent on factors outside the control of the group, revenue is only recognised (over and above any agreed minimum fee) when the contingent event occurs. Unbilled revenue is included in trade and other receivables.

##### 1.8 Property, plant and equipment

Property, plant and equipment is stated at cost less any provision for impairment and is depreciated at rates calculated to write off its cost in equal annual instalments over their estimated useful economic lives, as follows:

###### (i) Properties - commercial

<i>Leasehold improvements</i>	Over the term of the lease
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###### (ii) Plant and equipment

<i>Computers and ancillary equipment, including operating software</i>	15% to 33 <sup>1</sup> / <sub>3</sub> % pa
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<i>Other plant and equipment</i>	25% pa
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###### (iii) Software

Computer software comprises operating software.

Operating software comprises computer programmes essential to the operation of a computer system. Operating software acquired as an integral part of the related hardware is depreciated over the same

## Notes to the financial statements (continued)

### For the year ended 30 April 2020

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#### 1. Statement of accounting policies (continued)

period of that hardware. Expenditure on operating software which is subject to periodic licence payments is written off to the income statement in the year in which the expenditure is incurred.

#### 1.9 Leases

The group leases various properties (office buildings), office cars, telecommunications equipment and other small items (including printers and photo copiers). Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Rental contracts are typically made for fixed periods of between 1 and 17 years, but may have extension or break options. Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contracts to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants, other than the security interests in the leased asset that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The group does not provide any residual value guarantees in relation to any leases.

Until the 2019 financial year, leases of property, cars and technology were classified as operating leases. From 1 May 2019, leases are classified as a right-of-use asset and a corresponding liability at the date of which the leased asset is available for use by the group.

At the commencement date assets and liabilities are measured on a present value basis. Lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the group starts with the base rate of the currency in which the lease is contracted, adjusted for a lending margin and specific adjustments in relation to the individual lease, for example term, country and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed using the incremental borrowing rate at the commencement of the lease and adjusted against the right-of-use asset. The carrying amount of liability is also remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments using the incremental borrowing rate at the time of the modification.

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2020**

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#### **1. Statement of accounting policies (continued)**

The future cash outflows to which the group as a lessee is potentially exposed that are not reflected in the measurement of the lease liability arise from extension and termination options which the group does not consider to be reasonably certain to be exercised, in addition to new leases committed to but not yet commenced.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses. Further, adjustments may be made for the remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with all short-term leases and leases of all low-value assets are recognised on a straight-line basis as an expense in the income statement, as permitted by the exemptions for these leases under IFRS 16. Short-term leases are leases with a lease term of 12 months or less. Short-term leases mostly comprise data centres. Low-value assets comprise printers and drinks machines.

A small amount of space within some of the group's leased offices is sub-let. Where the amount of space sub-let is material to the main lease area and/or the sub-lease value is material to the main lease value then the sub-lease is classified as a finance lease and the value of the sub-lease is de-recognised from the group's right-of-use asset and a lease receivable is recognised. The lease receivable is discounted at the same incremental borrowing rate as that used for the head lease (adjusted for the sub lease duration if shorter than the head lease). The lease liability remains in place. If the lease receivable on the sub lease is lower than the declassified right-of-use asset then there results in a charge to the income statement.

Where the sub-lease is not material to the group's main lease, the sub-lease is classified as an operating lease. The group continues to recognise a right-of-use asset for the sub leased space and revenue from the sub-lease is recognised in the income statement over the term of the lease.

IAS 17 Leases was applied during the prior year. Under IAS 17, rental costs and any incentives under operating leases were charged to the income statement in equal annual amounts over the term of the lease. Rental income from operating leases was recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease and any benefits payable to the sub-tenant as an incentive to enter into the operating lease were also spread on a straight line basis over the lease term.

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2020**

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#### **1. Statement of accounting policies (continued)**

##### **1.10 Intangible assets**

Intangible assets comprises applications software which performs the business function required by computer users. Applications software is amortised to the income statement over its expected economic life, not exceeding a period of three years, except for SAP applications software which is depreciated over five years.

##### **1.11 Impairment of property, plant and equipment and intangible assets**

At each balance sheet date the carrying amount of property, plant and equipment and intangible assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss recognised as an expense immediately.

##### **1.12 Investments**

Investments held as non-current assets are stated at cost less provision for impairment in value. Investments are considered to be impaired when their carrying value is greater than their estimated recoverable amount. Unquoted investments are measured at fair value with any movements recognised through the income statement.

##### **1.13 Provisions**

A provision is recognised in the balance sheet when there is a present obligation as a result of a past event, and it is probable that the group will be required to settle the obligation at a reliably estimated amount. Provisions are estimated by the PB and are discounted to the present value of the obligation where material.

##### **1.14 Financial instruments**

###### *Financial assets and liabilities*

Financial assets and liabilities are recognised in the group's balance sheet when it becomes a party to the contractual provision of the instrument.

- Trade and other receivables – initially recognised at fair value, and are subsequently reduced for any irrecoverable amounts or for expected credit loss.
- Cash and cash equivalents – comprise cash in hand or demand deposits and other short-term highly liquid investments
- Trade and other payables – initially measured at fair value, and are subsequently reduced for any discounts given by suppliers.

###### *Derivative financial instruments*

The group occasionally enters into a foreign exchange forward contract to manage its exchange rate risks. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2020**

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#### **1. Statement of accounting policies (continued)**

##### *Hedge accounting*

The group may designate certain hedging instruments, which include derivatives and non-derivatives in respect of foreign exchange risk, as hedges of net investments in foreign operations. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve will be reclassified to profit and loss on the disposal of the foreign operation.

#### **1.15 Taxation**

##### *Current tax*

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### *Deferred tax*

Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### *Income tax*

The taxation payable on the profits of limited liability partnerships is usually the personal liability of the individual members. An amount is retained from each member's profit share to cover the estimated associated tax liability of the individual. These are held in members' other reserves in the balance sheet.

In some jurisdictions income tax payable on profits is the liability of the relevant limited liability partnership. The tax liabilities of these entities are recorded as charges to the income statement and liabilities in the balance sheet as appropriate.

#### **1.16 Pension costs and post-retirement costs other than pensions**

##### *Defined benefit*

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is recorded in the balance sheet.

## Notes to the financial statements (continued)

### For the year ended 30 April 2020

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#### 1. Statement of accounting policies (continued)

Defined benefit schemes are accounted for under IAS 19 (revised): Employee Benefits. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The financing costs of the scheme are recognised in the income statement and actuarial gains and losses are recognised in full in the statement of comprehensive income. Net interest is calculated by applying the discount rate to the net defined pension liability.

##### *Defined contribution*

For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contribution payable in the year. Differences between pension contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### 1.17 Annuities

Linklaters has a small number of different arrangements with former partners in respect of annuities. Full provision is made for future obligations under annuity arrangements by estimating the net present value of expected cash outflows resulting from this obligation.

##### 1.18 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All monetary assets and liabilities expressed in foreign currencies are retranslated into local currency at rates of exchange ruling at the end of the year. Differences between the translated trading transactions and subsequent cash settlements, or retranslated monetary assets and liabilities, are recorded in the income statement.

For consolidation purposes, the income statement and cash flows for entities within the group for any year are translated into sterling at the average rates of exchange ruling over the year. Balance sheet items are translated at closing rates of exchange.

Any exchange gains and losses resulting from the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity.

##### 1.19 Critical accounting estimates and key sources of estimation

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and judgements, including judgements regarding the application of the accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. Management will continue to review the assumptions used against actual experience and adjustments will be made in future periods if appropriate.

The key estimates and assumptions are as follows:

##### *Fair value of unbilled client revenue (note 16, 27 & 28)*

Unbilled client revenue is recognised at the fair value of the consideration expected to be receivable in respect of whether there is an enforceable right to consideration. The key estimates relate to whether there is an enforceable right to consideration on the unbilled revenue on each transaction as well as the value at which economic benefit will be ultimately realised at. A 1% variance in unbilled amounts would result in a change in revenue of £2.3m.

## **Notes to the financial statements (continued)**

### **For the year ended 30 April 2020**

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#### **1. Statement of accounting policies (continued)**

##### *Actuarial assumptions used in calculating the retirement benefit obligations (note 23)*

Full detail of the estimates and assumptions influencing the retirement benefit obligations are detailed in note 23.

##### *Provision for professional indemnity claims (note 20)*

A provision for professional indemnity claims is established when there is a present obligation (legal or constructive) as a result of a past event relating to the provision of legal advice and where a payment is probable with a reliable estimate of the economic outflow available. Estimates are required in estimating the likelihood of economic outflow and the value at which this should be recorded.

##### *Adoption of IFRS 16 (notes 12 & 13)*

IFRS 16 requires a judgement of the likelihood that lease contract extensions and termination options will be exercised is made. This resulted in an additional £7.7m being recognised in lease liabilities on the adoption of IFRS 16 at 1 May 2019 when compared with operating lease commitments reported at 30 April 2019.

A judgement is also made in the assessment of the incremental borrowing rate (IBR) used to discount future lease rentals to present value. The IBR has been considered on a lease by lease basis and the weighted average rate applied by the group at transition was 2.4%. If the IBR used had been 1.0% higher/lower and all other variables were held constant, the group's finance costs for the year ended 30 April 2020 would increase/decrease by £3.3m.

#### **1.20 Going concern**

The business activities of the group and LLP, together with the factors likely to affect their future development, performance and position are set out in the Report to the Members.

The applicability of the going concern basis is dependent upon the continued availability of sufficient funding for the operations of the group and the LLP. The main sources of funding are partners' capital and retained profits. Regular financial forecasts are prepared to monitor the firm's funding requirements. Consideration is given to the potential business risks which could affect future compliance and the potential actions which could be taken to mitigate the effect of these risks. Various financial scenarios which could result due to the impact of the Covid-19 outbreak have been considered as part of this assessment. The group and LLP also have significant cash holdings and committed bank facilities.

After making enquiries, including consideration of the position and performance of Linklaters LLP, the members have a reasonable expectation that the firm has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**2. Operating profit**

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
Operating profit is stated after charging/(crediting):		
Depreciation and amortisation	82.4	23.8
Net foreign exchange loss/(gain)	1.4	(9.4)
Net impairment loss on financial assets	14.6	9.5

Other operating expenses in the income statement comprise overheads of the group including IT and marketing expenses, people-related costs such as recruitment, training and retirement costs, operating lease charges, other property costs, and foreign exchange gains and losses.

**3. Revenue from contracts with clients**

A geographical analysis of revenue from contracts with clients by region is shown below:

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
Americas	92.4	102.8
Asia Pacific	229.5	226.0
Continental Europe	590.7	593.9
Middle East	18.7	18.1
United Kingdom	682.9	684.4
	<u>1,614.2</u>	<u>1,625.2</u>

The group derives revenue from the provision of legal services over time.

The group has chosen to apply the practical expedient with regards to paragraph 120 of IFRS 15 in relation to remaining performance obligations. All consideration from contracts with customers is included within the transaction price recognised within revenue.



**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**4. Auditors' remuneration**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Fees payable to the LLP's auditors for the audit of the LLP's annual financial statements	0.5	0.3
<i>Fees payable to the LLP's auditors and its associates for other services:</i>		
The audit of the LLP's associated undertakings, pursuant to legislation	0.2	0.4
<b>Total fee for audit services</b>	<b>0.7</b>	<b>0.7</b>
Other services required pursuant to legislation	0.1	0.1
Other services relating to taxation compliance advice	0.6	0.6
Other services relating to taxation advisory fees	0.4	0.1
Other services relating to IT	-	0.1
Other services	0.2	0.1
<b>Total fee for non-audit services</b>	<b>1.3</b>	<b>1.0</b>

**5. Staff and staff costs**

	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
The average number of people employed, including for these purposes self-employed lawyers engaged exclusively on work for the group, during the year was:		
Practising lawyers	2,602	2,549
Business teams employees and secretaries	2,210	2,218
	<b>4,812</b>	<b>4,767</b>
	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Staff costs incurred during the year in respect of employees were:		
Salaries (including employee bonus)	691.6	685.9
Social security costs	43.7	42.8
Pension costs	18.3	17.0
Other staff related costs	37.8	40.5
	<b>791.4</b>	<b>786.2</b>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**6. Finance income and costs**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
<b>Finance income</b>		
Interest received on bank deposits	1.5	1.6
<b>Finance costs</b>		
Other interest payable	(8.5)	(0.3)
	<u>(7.0)</u>	<u>1.3</u>

**7. Taxation**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Current year - UK corporation tax	3.4	4.0
Current year - Other non-UK taxes	33.5	33.8
Adjustments in respect of prior years	-	(0.7)
	<u>36.9</u>	<u>37.1</u>
Deferred tax	(1.0)	(0.6)
	<u>35.9</u>	<u>36.5</u>

In most locations, including the UK, income tax payable on the allocation of profits to members is the personal liability of the members and hence is not shown in these financial statements.

<b>Reconciliation of tax charge:</b>	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Profit before taxation	507.2	557.3
Less: Amounts subject to personal tax	(339.8)	(393.2)
Profits subject to corporate taxation	<u>167.4</u>	<u>164.1</u>

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Profits subject to corporate taxation	<u>167.4</u>	<u>164.1</u>
Tax at the UK corporation tax rate of 19% (2019: 19%)	31.8	31.2
Tax effects of:		
Expenses not deductible for tax purposes in the period	1.4	1.7
Different tax rates and bases in other jurisdictions	2.8	3.3
Unrelieved losses	0.9	1.0
Adjustment in respect of prior years	(1.0)	(0.7)
Total tax charge for the period	<u>35.9</u>	<u>36.5</u>

The total tax charge for the year is higher (2019: higher) than the profit subject to corporate taxation multiplied by 19% (2019: 19%) due to the items in the reconciliation above.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**7. Taxation (continued)**

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	2020 £'m	2019 £'m
Deferred tax		
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of net defined benefit pension asset	0.4	0.4

As part of the 2016 UK Budget it was announced that the main rate of UK corporation tax would reduce to 17% from 1 April 2020. This reduction was substantively enacted in 2016, consequently deferred tax balances in the financial statements for the year ended 30 April 2019 were been recognised at 17%. However, during the financial year ended 30 April 2020 the UK government announced that the main rate of UK corporation tax would remain at 19% and therefore the opening deferred tax balance has been revalued.

**8. Members' share of profits**

The PB determines the amount of profits to be distributed, which are divided among members on a gross basis before income tax charges, in line with agreed profit sharing arrangements. For the year ended 30 April 2020, on becoming equity members, most members received between ten and fourteen profit sharing units ("parts"). Parts entitlement could increase each year to a maximum of 50.

Members' remuneration charged as an expense comprises remuneration of certain members who are members of Linklaters LLP but who receive remuneration determined other than by reference to profit sharing arrangements. Members do not receive any interest on their capital contributions.

The average number of members during the year was 300 (2019: 307).

**9. Profit attributable to the Limited Liability Partnership**

The profit for the financial year available for discretionary division among members of the parent undertaking, Linklaters LLP is set out in the Limited Liability Partnership statement of changes in equity.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**10. Property plant and equipment – consolidated**

	<b>Leasehold improvements £'m</b>	<b>Plant &amp; equipment £'m</b>	<b>Software £'m</b>	<b>Total £'m</b>
<b>Cost</b>				
At 1 May 2018	196.1	143.2	2.4	341.7
Additions	2.7	14.4	0.3	17.4
Disposals	(3.6)	(2.2)	-	(5.8)
Currency translation adjustments	0.7	0.3	-	1.0
<b>At 30 April 2019</b>	<b>195.9</b>	<b>155.7</b>	<b>2.7</b>	<b>354.3</b>
Additions	19.9	10.1	0.8	30.8
Disposals	(5.4)	(5.4)	-	(10.8)
Currency translation adjustments	1.3	1.0	-	2.3
<b>At 30 April 2020</b>	<b>211.7</b>	<b>161.4</b>	<b>3.5</b>	<b>376.6</b>
<b>Accumulated depreciation</b>				
At 1 May 2018	165.6	120.9	2.0	288.5
Charge for the year	8.5	10.6	0.2	19.3
Disposals	(3.5)	(1.9)	-	(5.4)
Currency translation adjustments	0.9	-	-	0.9
<b>At 30 April 2019</b>	<b>171.5</b>	<b>129.6</b>	<b>2.2</b>	<b>303.3</b>
Charge for the year	7.2	10.2	0.2	17.6
Disposals	(5.3)	(5.2)	-	(10.5)
Currency translation adjustments	1.0	1.0	-	2.0
<b>At 30 April 2020</b>	<b>174.4</b>	<b>135.6</b>	<b>2.4</b>	<b>312.4</b>
<b>Carrying amount</b>				
<b>At 30 April 2020</b>	<b>37.3</b>	<b>25.8</b>	<b>1.1</b>	<b>64.2</b>
<b>At 30 April 2019</b>	<b>24.4</b>	<b>26.1</b>	<b>0.5</b>	<b>51.0</b>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**11. Property plant and equipment – Limited Liability Partnership**

	<b>Leasehold improvements £'m</b>	<b>Plant &amp; equipment £'m</b>	<b>Software £'m</b>	<b>Total £'m</b>
<b>Cost</b>				
At 1 May 2018	52.1	44.9	1.5	98.5
Additions	0.9	4.6	-	5.5
Disposals	(3.6)	(2.0)	-	(5.6)
Currency translation adjustments	0.6	(0.2)	-	0.4
<b>At 30 April 2019</b>	<b>50.0</b>	<b>47.3</b>	<b>1.5</b>	<b>98.8</b>
Additions	13.8	4.5	-	18.3
Disposals	(0.6)	(2.0)	-	(2.6)
Currency translation adjustments	0.9	0.6	(0.1)	1.4
<b>At 30 April 2020</b>	<b>64.1</b>	<b>50.4</b>	<b>1.4</b>	<b>115.9</b>
<b>Accumulated depreciation</b>				
At 1 May 2018	41.3	35.3	1.3	77.9
Charge for the year	1.5	3.9	0.1	5.5
Disposals	(3.5)	(2.0)	-	(5.5)
Currency translation adjustments	0.7	(0.2)	-	0.5
<b>At 30 April 2019</b>	<b>40.0</b>	<b>37.0</b>	<b>1.4</b>	<b>78.4</b>
Charge for the year	1.7	3.9	-	5.6
Disposals	-	(2.0)	-	(2.0)
Currency translation adjustments	0.6	0.6	-	1.2
<b>At 30 April 2020</b>	<b>42.3</b>	<b>39.5</b>	<b>1.4</b>	<b>83.2</b>
<b>Carrying amount</b>				
<b>At 30 April 2020</b>	<b>21.8</b>	<b>10.9</b>	<b>-</b>	<b>32.7</b>
<b>At 30 April 2019</b>	<b>10.0</b>	<b>10.3</b>	<b>0.1</b>	<b>20.4</b>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**12. Leases - Consolidated**

The group has adopted IFRS 16 starting 1 May 2019 using the modified retrospective transition option. Under this option, the comparative information is not restated. The details of adjustments made on transition and the related accounting policy are contained in Note 1.

The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position relating to leases:

	30 April 2020 £'m	1 May 2019 £'m
<b>Right-of-use assets</b>		
Property	342.0	313.0
Cars	0.2	0.2
Technology	5.1	6.3
	<u>347.3</u>	<u>319.5</u>

Additions to the right-of-use assets during the year ended 30 April 2020 were £86.1m.

	30 April 2020 £'m	1 May 2019 £'m
<b>Lease liabilities</b>		
Current	51.1	63.3
Non-current	315.4	279.0
	<u>366.5</u>	<u>342.3</u>

Future minimum lease payments as at 30 April 2020 are as follows:

	30 April 2020 £'m
<b>Cash flow maturity analysis</b>	
Within one year	63.5
Within two to five years	204.9
In more than five years	131.5
	<u>399.9</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**12. Leases – Consolidated (continued)**

Amounts charged/(credited) in the consolidated income statement related to leases:

	<b>2020</b> <b>£'m</b>
<b>Depreciation charge of right-of-use assets</b>	
Property	59.3
Cars	0.1
Technology	1.0
	<u>60.4</u>
	<b>2020</b> <b>£'m</b>
Interest expense (included in finance costs)	8.0
Expense relating to short-term leases (included in other operating expenses)	2.5
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	0.6
Income relating to sub-leases classified as operating leases (included in other operating expenses)	(0.4)
Loss on termination of lease (included in other operating expenses)	-

The total cash outflow for leases in 2020 relating to the capital element of the lease payments was £63.3m and relating to the interest payments was £8.0m.

The group is committed to payments totalling £5.3m in relation to leases that have been signed but have not yet commenced. In addition, the group signed Heads of Terms on a new lease and an associated Agreement to Lease during the current financial year. Signing of the final lease contract remains pending at the date of signing these financial statements. Accordingly, no lease calculations have been performed and there is no impact on the IFRS 16 disclosures in these financial statements. The signing of the Heads of Terms and associated Agreement to Lease does commit the group to lease payments of between £308m and £445m depending on the options that are exercised as set out in the Agreement to Lease. Further, the lease is expected to run for a period of 20 years from the commencement date.

During the year ended 30 April 2020, sublease income was £3.3m. Sub-lease receivables as at 30 April 2020 amounts to £1.4m.

The payments receivable under these sub-leases fall due as follows at 30 April 2020:

	<b>£'m</b>
Within one year	1.4
Within two to five years	-
In more than five years	-
	<u>1.4</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**12. Leases – Consolidated (continued)**

Lease payments under operating leases recognised in the consolidated income statement for the year:

	2020 £'m	2019 £'m
Land and buildings	-	60.5
Plant and machinery	3.1	1.3
	<u>3.1</u>	<u>61.8</u>

Rent receivable from sub-leases classified as operating leases recognised in the consolidated income statement for the year:

	2020 £'m	2019 £'m
Land and buildings	<u>0.4</u>	<u>4.9</u>

At the balance sheet date, Linklaters has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land & buildings		Other	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Within one year	-	67.7	1.9	1.5
Within two to five years	-	208.0	0.6	5.6
In more than five years	-	177.0	-	1.3
	<u>-</u>	<u>452.7</u>	<u>2.5</u>	<u>8.4</u>

At 30 April 2020, Linklaters had the following minimum amounts to be received under non-cancellable sub-leases classified as operating leases for land and buildings, which fall due as follows:

	Land & buildings	
	2020 £'m	2019 £'m
Within one year	0.4	4.9
Within two to five years	1.3	5.6
In more than five years	-	-
	<u>1.7</u>	<u>10.5</u>



**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**13. Leases – Limited Liability Partnership**

The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position relating to leases:

	30 April 2020 £'m	1 May 2019 £'m
<b>Right-of-use assets</b>		
Property	196.4	137.1
Cars	0.2	0.1
Technology	-	-
	<u>196.6</u>	<u>137.2</u>

Additions to the right-of-use assets during the year ended 30 April 2020 were £86.0m.

	30 April 2020 £'m	1 May 2019 £'m
<b>Lease liabilities</b>		
Current	24.0	30.3
Non-current	185.3	124.9
	<u>209.3</u>	<u>155.2</u>

Future minimum lease payments as at 30 April 2020 are as follows:

	30 April 2020 £'m
<b>Cash flow maturity analysis</b>	
Within one year	28.7
Within two to five years	95.9
In more than five years	98.5
	<u>223.1</u>

Amounts charged/(credited) in the LLP income statement related to leases:

	2020 £'m
<b>Depreciation charge of right-of-use assets</b>	
Property	26.1
Cars	0.1
Technology	-
	<u>26.2</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**13. Leases – Limited Liability Partnership (continued)**

	<b>2020 £'m</b>
Interest expense (included in finance costs)	3.3
Expense relating to short-term leases (included in other operating expenses)	0.1
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	0.6
Income relating to sub-leases classified as operating leases (included in other operating expenses)	(0.1)
Loss on termination of lease (included in other operating expenses)	-

The total cash outflow for leases in 2020 relating to the capital element of the lease payments was £30.4m and relating to the interest payments was £3.3m.

The LLP is committed to payments totalling £nil in relation to leases that have been signed but have not yet commenced.

During the year ended 30 April 2020, sublease income was £3.3m. Sub-lease receivables as at 30 April 2020 amounts to £1.4m.

The payments receivable under these sub-leases fall due as follows at 30 April 2020:

	<b>£'m</b>
Within one year	1.4
Within two to five years	-
In more than five years	-
	<u>1.4</u>

Lease payments under operating leases recognised in the LLP income statement for the year:

	<b>2020 £'m</b>	<b>2019 £'m</b>
Land and buildings	-	45.2
Plant and machinery	0.7	1.3
	<u>0.7</u>	<u>46.5</u>

Rent receivable from sub-leases classified as operating leases recognised in the LLP income statement for the year:

	<b>2020 £'m</b>	<b>2019 £'m</b>
Land and buildings	-	4.8

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**13. Leases – Limited Liability Partnership (continued)**

At the balance sheet date, the LLP has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>Land &amp; buildings</b>		<b>Other</b>	
	<b>2020</b>	<b>2019 (as restated*)</b>	<b>2020</b>	<b>2019 (as restated*)</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Within one year	-	34.1	0.7	-
Within two to five years	-	99.4	0.6	0.5
In more than five years	-	124.8	-	0.4
	<u>-</u>	<u>258.3</u>	<u>1.3</u>	<u>0.9</u>

\*The operating lease commitments at 30 April 2019 for the LLP have been restated to exclude previous subsidiary lease commitments included in error in the prior period.

The LLP had the following minimum amounts to be received under non-cancellable sub-leases classified as operating leases for land and buildings, which fall due as follows:

	<b>Land &amp; buildings</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
Within one year	-	4.9
Within two to five years	-	4.9
In more than five years	-	-
	<u>-</u>	<u>9.8</u>

**14. Intangible assets – consolidated**

**Applications software**

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
<b>Cost</b>		
At 1 May	96.5	91.2
Additions	2.3	5.3
<b>At 30 April</b>	<u><b>98.8</b></u>	<u><b>96.5</b></u>
<b>Accumulated amortisation</b>		
At 1 May	83.4	78.9
Charge for the year	4.4	4.5
<b>At 30 April</b>	<u><b>87.8</b></u>	<u><b>83.4</b></u>
<b>Carrying amount</b>		
<b>At 30 April</b>	<u><b>11.0</b></u>	<u><b>13.1</b></u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**15. Investments**

	Country of incorporation/ registration or operation	Proportion of ordinary shares ownership
<i>At 30 April 2020, Linklaters LLP had investments in the following entities:</i>		
Linklaters Business Services Holdings	England and Wales	100%
Linklaters Business Services Holdings (H.K.) Limited	Hong Kong	100%
Linklaters Business Services Europe B.V.	Netherlands	100%
Linklaters (Central & Eastern Europe) B.V.	Netherlands	100%
Linklaters CIS	England and Wales	100%
Linklaters (Europe) Holdings	England and Wales	100%
Linklaters (HK) Limited	Hong Kong	100%
Linklaters, S.L.P.	Spain	99.95%
Hackwood Nominees Limited	England and Wales	100%
Hackwood Secretaries Limited	England and Wales	100%
Hackwood Services Singapore (Private) Limited	Singapore	100%

*At 30 April 2020, the LLP had power, directly or indirectly, to govern the financial and operating policies to obtain benefits from the activities of the following entities and undertakings:*

Linklaters Consultores em Direito Estrangeiro	Brazil	-
Studio Legale Associato	Italy	-
Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters ("GKJ")	Japan	-
Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa	Poland	-
Linklaters, Hong Kong	England and Wales/Hong Kong	-
Linklaters Singapore Pte. Ltd.	Singapore	-
Linklaters Advokatbyrå Aktiebolag	Sweden	-
Linklaters (Thailand) Ltd	Thailand	-
LTL Holdings Ltd	Thailand	-
Miralta Assessoria em Gestao Empresarial Ltda	Brazil	-

**Consolidated**

	Group interests £'m	Other investments £'m	Total £'m
Investments at 30 April 2019	-	0.7	0.7
Additions	-	0.1	0.1
Investments at 30 April 2020	-	0.8	0.8

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**15. Investments (continued)**

**LLP**

	<b>Group interests £'m</b>	<b>Other investments £'m</b>	<b>Total £'m</b>
Investments at 1 May 2018	91.9	-	91.9
Additions	-	0.7	0.7
Exchange differences	(1.9)	-	(1.9)
Investments at 30 April 2019	90.0	0.7	90.7
Additions	62.0	0.1	62.1
Impairment of investments	(62.0)	-	(62.0)
Investments at 30 April 2020	90.0	0.8	90.8

Unquoted investments are measured at fair value with any movements recognised through the income statement.

During the year the LLP waived £62m of loans made to Linklaters CIS (representing approximately 95% of the loan from the LLP to Linklaters CIS) in consideration for the allotment and issue of share capital by CIS to the LLP. The waived loan balance to Linklaters CIS had previously been fully impaired and as such the investment in Linklaters CIS share capital has correspondingly been impaired.

*Registered addresses of the entities Linklaters LLP had investments in at 30 April 2020:*

Linklaters Business Services Holdings	One Silk Street, London EC2Y 8HQ, United Kingdom
Linklaters Business Services Holdings (H.K.) Limited	10th Floor, Alexandra House, Charter Road, Hong Kong
Linklaters Business Services Europe B.V.	Zuidplein 180 WTC Amsterdam, 1077XV Amsterdam, Netherlands
Linklaters (Central & Eastern Europe) B.V.	Zuidplein 180 WTC Amsterdam, 1077XV Amsterdam, Netherlands
Linklaters CIS	One Silk Street, London EC2Y 8HQ, United Kingdom
Linklaters (Europe) Holdings	One Silk Street, London EC2Y 8HQ, United Kingdom
Linklaters (HK) Limited	10th Floor, Alexandra House, Charter Road, Hong Kong
Linklaters, S.L.P.	Almagro, 40, Madrid, E-28010, Spain
Hackwood Nominees Limited	One Silk Street, London EC2Y 8HQ, United Kingdom
Hackwood Secretaries Limited	One Silk Street, London EC2Y 8HQ, United Kingdom
Hackwood Services Singapore (Private) Limited	One George Street, 17 – 01, 049145 Singapore

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**15. Investments (continued)**

*Registered addresses of the entities and undertakings Linklaters LLP had power, directly or indirectly, to govern the financial and operating policies to obtain benefits from the activities of the following entities and undertakings:*

Linklaters Consultores em Direito Estrangeiro	Avenida Horacio Lafer, 160, 6th floor, 04538-080, Itaim Bibi, Sao Paulo, SP, Brazil
Studio Legale Associato	Via Broletto 9 - 20121 Milan, Italy
Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters ("GKJ")	Meiji Yasuda Building 10F, 1-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo, 100-0005, Japan
Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa	32nd Floor Building 22, ul. Aleja Jana Pawla II, nr 22, 00-133, Warsaw, Poland
Linklaters, Hong Kong	10th Floor, Alexandra House, Chater Road, Hong Kong
Linklaters Singapore Pte. Ltd.	One George Street, 17 – 01, 049145 Singapore
Linklaters Advokatbyrå Aktiebolag	Regeringsgatan 67 P.O Box 7833, 103 98, Stockholm, Sweden
Linklaters (Thailand) Ltd	20 <sup>th</sup> Floor Capital Tower, All Seasons Place, FL. 20 Wireless Road, Lumpini, Pathum Wan, Bangkok, Thailand
LTL Holdings Ltd	20 <sup>th</sup> Floor Capital Tower, All Seasons Place, FL. 20 Wireless Road, Lumpini, Pathum Wan, Bangkok, Thailand
Miralta Assessoria em Gestao Empresarial Ltda	Avenida Horacio Lafer, 160, 6th floor, 04538-080, Itaim Bibi, Sao Paulo, SP, Brazil

The investment balance in Linklaters LLP represents the value of the ordinary share capital that it owns in Linklaters Business Services Holdings, Linklaters Business Services Holdings (H.K.) Limited, Linklaters Business Services Europe B.V., Linklaters (Central & Eastern Europe) B.V., Linklaters CIS, Linklaters (Europe) Holdings, Linklaters (HK) Limited, Linklaters, S.L.P., Hackwood Nominees Limited, Hackwood Secretaries Limited and Hackwood Services Singapore (Private) Limited.

Linklaters Business Services Holdings is the holding company for Linklaters Business Services ("LBS"). LBS provides staff and services to Linklaters LLP and in consideration of the services provided by the company to Linklaters LLP, Linklaters LLP pays the company a service fee. LBS is the sole shareholder of Linklaters Re:link Limited ("Re:Link"), a private company providing the services of contract lawyers to both Linklaters LLP and its clients. In consideration of the services rendered by Re:Link, LBS pays Re:Link a service fee.

Linklaters Business Services Holdings (H.K.) Limited is the Holding Company for Linklaters Business Services (H.K.) Limited. Linklaters Business Services (H.K.) Limited provides staff and services to the Hong Kong office.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**15. Investments (continued)**

Linklaters Business Services Europe B.V. provides staff and services to Linklaters (Central & Eastern Europe) B.V.

Linklaters (Central & Eastern Europe) B.V. is the Holding Company for Linklaters Poland Sp.z.o.o, which is a limited partner for Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa.

Linklaters C. Wisniewski Wspolnicy Spolka Komandytowa provides legal services to clients in Poland.

Linklaters CIS provides legal services to clients in Russia.

Linklaters (Europe) Holdings is the Holding Company for Linklaters Advokatbyrå Holding Aktiebolag which is the direct Holding Company for Linklaters Advokatbyrå Aktiebolag, which provides legal services to clients in Sweden.

Linklaters (HK) Limited is the Holding Company for Linklaters Business Services (Nominees) Limited and Linklaters Business Services (Secretaries) Limited.

Linklaters S.L.P. provides legal services to clients in Spain.

Hackwood Nominees Limited acts as nominee for certain purposes connected with the conduct of the firm's business and the welfare of its partners.

Hackwood Secretaries Limited provides company secretarial services to Linklaters LLP's clients and is the Holding Company for Holdco Limited, Linklaters & Alliance Limited, Hackwood Directors Limited, Blueflagdotcom Limited, Blueflag.com Limited, Hacksub Limited and Linklaters Blue Flag Limited.

Hackwood Services Singapore (Private) Limited provides management services in Asia.

**16. Trade and other receivables**

	<b>Consolidated</b>		<b>Limited Liability Partnership</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Trade receivables	443.3	470.9	330.4	351.9
Unbilled revenue	225.0	244.6	169.8	188.6
Amounts due from other group undertakings	-	-	499.8	425.4
Other receivables	24.5	20.5	10.7	7.9
Prepayments	36.6	38.2	16.5	17.1
	<u>729.4</u>	<u>774.2</u>	<u>1,027.2</u>	<u>990.9</u>

The amounts due to the LLP from other group undertakings are repayable on demand and interest charged at the base rate of the loan currency plus 2%.

There is no material difference between the fair value and carrying value of trade and other receivables.

Further information regarding credit risk and the loss allowance in relation to trade receivables is given in note 27.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**17. Deferred tax asset**

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
<b>Analysis of deferred tax balance:</b>		
Capital allowances less than depreciation	4.7	3.7
Short-term timing differences	0.3	0.3
Retirement benefit obligations	(2.0)	(1.6)
<b>Deferred tax asset</b>	<u>3.0</u>	<u>2.4</u>
<b>Reconciliation between opening and closing deferred tax balances:</b>		
Opening deferred tax asset	2.4	2.2
Credited/(charged) to income statement	1.0	0.6
Amount charged to equity	(0.4)	(0.4)
<b>Closing deferred tax asset</b>	<u>3.0</u>	<u>2.4</u>

The group has an unrecognised deferred tax asset at 30 April 2020 of £17.7m (2019: £17.3m), which arises largely in respect of unrelieved foreign tax losses. The asset has not been recognised as there is insufficient evidence that the asset would be recovered.

**18. Cash and cash equivalents**

	<b>Consolidated</b>		<b>Limited Liability Partnership</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Cash and cash equivalents	<u>362.7</u>	<u>179.5</u>	<u>326.8</u>	<u>143.4</u>

There is no material difference between the book value of cash and cash equivalents and their fair values.



**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**19. Trade and other payables**

	<b>Consolidated</b>		<b>Limited Liability Partnership</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Trade payables	20.8	24.7	11.3	13.7
Amounts due to other group undertakings	-	-	738.5	626.4
Social security and other taxes	38.1	27.5	40.0	33.3
Amounts payable to former and non members	247.5	225.3	136.1	119.0
Accruals	123.8	146.9	52.3	64.0
	<u>430.2</u>	<u>424.4</u>	<u>978.2</u>	<u>856.4</u>

The amounts due to other group undertakings from the LLP are repayable on demand and interest charged at the base rate of the loan currency plus 2%.

There is no material difference between the fair value and carrying value of trade and other payables.

At 30 April 2020 Linklaters LLP had committed bank facilities of £125.0m (2019: £125.0m) and uncommitted overdraft facilities of £10.0m (2019: £5.0m).

As at the balance sheet date £125.0m (2019: £nil) was outstanding.

The committed facilities expire as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>
Within one year	30.0	-
Between two and three years	95.0	105.0
Between three and five years	-	20.0
	<u>125.0</u>	<u>125.0</u>

Interest on the uncommitted facilities would be payable at floating rates linked to the base rate and its currency equivalent while any draw down in respect of the committed facilities incurs interest at floating rates linked to LIBOR.

The committed facilities amount outstanding at 30 April 2020 was fully repaid in September 2020.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**20. Provisions**

	Post-retirement benefits including annuities £'m	Consolidated		Total 2020 £'m	Total 2019 £'m
		Property £'m	Other £'m		
<b>At the beginning of the year</b>	28.3	3.4	14.1	45.8	59.4
Provisions made during the year	0.5	12.7	7.0	20.2	1.7
Provisions utilised during the year	-	-	(0.7)	(0.7)	(2.7)
Provisions released	(0.4)	(1.0)	(1.2)	(2.6)	(12.9)
Exchange differences	0.1	-	(0.1)	-	0.3
<b>At the end of the year</b>	<u>28.5</u>	<u>15.1</u>	<u>19.1</u>	<u>62.7</u>	<u>45.8</u>

	Post-retirement benefits including annuities £'m	Limited Liability Partnership		Total 2020 £'m	Total 2019 £'m
		Property £'m	Other £'m		
<b>At the beginning of the year</b>	28.0	1.0	14.2	43.2	56.8
Provisions made during the year	0.4	5.3	6.7	12.4	1.6
Provisions utilised during the year	-	-	(0.7)	(0.7)	(2.6)
Provisions released	(0.4)	(1.0)	(1.0)	(2.4)	(12.9)
Exchange differences	0.1	-	(0.1)	-	0.3
<b>At the end of the year</b>	<u>28.1</u>	<u>5.3</u>	<u>19.1</u>	<u>52.5</u>	<u>43.2</u>

The provision for post-retirement benefits relates to commitments under the Linklaters LLP Members' Agreement to make payments to former partners when they leave the firm on retirement.

Both annuities and certain retirement payments are unconditional if certain age or length of service conditions respectively are met and as neither annuities nor certain retirement payments require board approval, they are provided for in full, with a discounted cash flow approach used to determine the liability.

The annuity provision is discounted using the UK 20-year gilt historical rate of 0.54% p.a. A 20% increase or decrease to the expected level of distributable profit or a 20% change in the number of partners qualifying for and receiving payments would give rise to a £5.4m movement in the provision.

The property provision relates to provisions for dilapidations and other provisions required in relation to the firm's office space, including for the cost of rates to be incurred on a property lease that the group expects to exit early, which has been calculated based on the cost of rates to be incurred in the period from the expected exit date to the lease end date per the lease contract.

Other provisions include provision for the excess on the firm's professional indemnity insurance, provision for expected taxation requirements and other expected costs meeting the requirements for provision to be made under IAS 37.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**20. Provisions (continued)**

In common with comparable professional services practices, the group is involved in a number of disputes in the ordinary course of business which may give rise to claims by clients or investigations commenced by regulatory bodies which may lead to regulatory proceedings. The group defends such claims where appropriate and where costs are likely to be incurred in defending and concluding such matters and can be measured reliably they are provided for in the financial statements. Amounts provided for are based on management's assessment of the specific circumstances in each case and after offsetting any insurance cover, where deemed recoverable. The group carries professional indemnity insurance and no separate disclosure is made of the detail of such claims or proceedings, or the costs recovered by insurance, as to do so could seriously prejudice the position of the group.

	<b>Consolidated</b>		<b>Limited Liability Partnership</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Included in current liabilities	0.4	1.4	0.1	1.1
Included in non-current liabilities	62.3	44.4	52.4	42.1
	<u>62.7</u>	<u>45.8</u>	<u>52.5</u>	<u>43.2</u>

**21. Total members' interests - consolidated**

	<b>Amounts due from members</b>	<b>Members' capital classified as a liability</b>	<b>Members' equity interests</b>	<b>Total members' interests</b>	<b>Total members' interests</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>2020</b>	<b>2019</b>
				<b>£'m</b>	<b>£'m</b>
<b>Total members' interests at the beginning of the year</b>	(84.6)	107.1	526.1	548.6	486.6
Total comprehensive income for the year	-	-	471.9	471.9	516.6
Profit allocated to members	491.6	-	(491.6)	-	-
Transfer from amounts due to members to members' capital	(25.1)	25.1	-	-	-
Payments to and on behalf of members	(474.5)	-	-	(474.5)	(448.6)
Capital transferred from amounts due to members	(0.4)	0.4	-	-	-
Capital introduced	-	1.3	-	1.3	3.8
Capital repaid	-	(16.2)	-	(16.2)	(9.8)
<b>Total members' interests at the end of the year</b>	<u>(93.0)</u>	<u>117.7</u>	<u>506.4</u>	<u>531.1</u>	<u>548.6</u>

Within Members' equity interests is £40.0m (2019: £40.0m) of Members' capital classified as equity.

In the event of Linklaters LLP being wound up the members' capital disclosed as a liability ranks after unsecured creditors of Linklaters LLP.

Capital introduced in members' interests differs to the capital contributions by members presented in the cash flow due to profits arising in the firm's service companies which accrue to members as capital.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**22. Total members' interests – Limited Liability Partnership**

	Amounts due from members £'m	Members' capital classified as a liability £'m	Members' equity interest £'m	Total members' interests 2020 £'m	Total members' interests 2019 £'m
<b>Total members' interests at the beginning of the year</b>	(84.6)	107.1	317.1	339.6	288.0
Total comprehensive income for the year	-	-	429.1	429.1	471.0
Profit allocated to members	471.1	-	(471.1)	-	-
Transfer from amounts due to members to members' capital	(25.1)	25.1	-	-	-
Payments to and on behalf of members	(454.0)	-	-	(454.0)	(413.4)
Capital transferred from amounts due to members	(0.4)	0.4	-	-	-
Capital introduced	-	1.3	-	1.3	3.8
Capital repaid	-	(16.2)	-	(16.2)	(9.8)
<b>Total members' interests at the end of the year</b>	<b>(93.0)</b>	<b>117.7</b>	<b>275.1</b>	<b>299.8</b>	<b>339.6</b>

Within Members' equity interests is £40.0m (2019: £40.0m) of Members' capital classified as equity.

Capital introduced in members' interests differs to the capital contributions by members presented in the cash flow due to profits arising in the firm's service companies which accrue to members as capital.

**23. Post-retirement benefits – pension schemes**

The LLP operates a defined benefit pension scheme for which an amount of £nil (2019: £nil) was charged to operating profit during the year. Additionally, a money purchase scheme is operated in the UK for which the charge for the year amounts to £10.9m (2019: £10.1m). Amounts unpaid at the year end amount to £nil (2019: £nil). Other pension costs incurred within the group amount to £7.4m (2019: £6.9m). The LLP operates defined benefit arrangements as set out below.

**Defined benefit arrangements**

The LLP provides defined benefit pension arrangements for certain employees through a separate trustee administered scheme, the Hackwood Final Salary Pension Plan ("the Plan"). With the agreement of the Trustees of the Plan, the Plan was closed to new entrants on 1 May 1996. As of 1 December 2009, the Plan closed to future benefit accrual and at this point the remaining active members became deferred members of the Plan and their accrued pensions ceased to be linked to future salary increases.

The valuation used for IAS 19 disclosures has been based on a full assessment of the liabilities of the Plan as at 31 December 2017. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

The figures have been prepared by independent actuaries, in accordance with the provisions of IAS 19. The main assumptions used in updating the latest valuation of the scheme at 30 April 2020 for IAS 19 purposes were:

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**23. Post-retirement benefits – pension schemes (continued)**

**Main actuarial assumptions:**

	<b>2020</b> <b>% p.a.</b>	<b>2019</b> <b>% p.a.</b>
RPI Inflation	2.7	3.5
Rate of increase to pensions in payment	2.7	3.4
Discount rate for scheme liabilities	1.7	2.5

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

<b>Mortality table adopted</b>	<b>2020</b> SAPS S2, CMI 2019 core projections with long- term rate of improvement 1.25%	<b>2019</b> SAPS S2, CMI 2018 core projections with long- term rate of improvement of 1.25%
Life expectancy for male currently aged 65	22.5	22.3
Life expectancy for female currently aged 65	24.2	24.0
Life expectancy at 65 for male currently aged 45	23.5	23.4
Life expectancy at 65 for female currently aged 45	25.5	25.3

The amount recognised in the consolidated statement of comprehensive income, gross of tax, was as follows:

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Return on plan assets (excluding amounts included in net interest expense)	3.2	3.7
Actuarial (losses) / gains arising from changes in demographic assumptions	(0.3)	1.3
Actuarial losses arising from changes in financial assumptions	(1.7)	(3.1)
Actuarial gain arising from experience adjustments	0.5	0.4
	<u>1.7</u>	<u>2.3</u>

The asset recognised in the consolidated balance sheet was as follows:

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Present value of defined benefit obligation	(73.5)	(72.8)
Fair value of plan assets	83.8	81.2
	<u>10.3</u>	<u>8.4</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**23. Post-retirement benefits – pension schemes (continued)**

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

	2020 £'m	2019 £'m
Opening defined benefit obligation	(72.8)	(72.4)
Interest expense	(1.8)	(1.9)
Actuarial (losses) / gains arising from changes in demographic assumptions	(0.3)	1.3
Actuarial losses arising from changes in financial assumptions	(1.7)	(3.1)
Actuarial gains arising from experience adjustments	0.5	0.5
Benefits paid	2.6	2.8
Closing defined benefit obligation	<u>(73.5)</u>	<u>(72.8)</u>

Movements in the fair value of the plan assets in the year were as follows:

	2020 £'m	2019 £'m
Opening fair value of plan assets	81.2	78.0
Interest income	2.0	2.1
Return on plan assets (excluding amounts included in net interest expense)	3.2	3.7
Contributions from the employer	-	0.2
Benefits paid	(2.6)	(2.8)
Closing fair value of plan assets	<u>83.8</u>	<u>81.2</u>

The assets held by the scheme were as follows:

		2020 £'m	2019 £'m
Equities	Quoted	15.7	16.1
Property	Quoted	3.5	3.7
Index-linked government bonds	Quoted	59.2	56.8
Corporate bonds	Quoted	2.9	2.8
Other	Quoted	2.5	1.8
		<u>83.8</u>	<u>81.2</u>

The Plan uses index-linked gilts, corporate bonds and cash as matching assets. The remainder of assets are used as growth assets. The surplus or deficit is taken into account in determining the employer's contribution rate over the average remaining service life of the members of the scheme.

Based on the full valuation (31 December 2012), Linklaters agreed to contribute a further £5.9m into the scheme commencing with a £1m contribution in September 2013, followed by £1m per annum in equal monthly instalments through to June 2019. Based on the full valuation as of 31 December 2015, it was agreed to continue with this funding plan but to extend the contributions to 30 September 2019. As a result of the most recent valuation as at 31 December 2017, it has been agreed to cease contributions as of July 2018 for the foreseeable future, although this will be reviewed at the next full assessment.

The weighted average duration of the defined benefit obligation is approximately 15 years.

## Notes to the financial statements (continued)

### For the year ended 30 April 2020

#### 23. Post-retirement benefits – pension schemes (continued)

##### Sensitivities

The sensitivity of the defined benefit obligation to changes in the principal assumption is:

	Change in assumption	Impact on defined benefit obligation £'m
Discount rate	-0.25%	+3.0
RPI Inflation	+0.25%	+2.2
Demographic change	Increase in life expectancy by one year	+3.0

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant.

##### Risks

Through its defined benefit plan, the firm is exposed to a number of risks, the most significant of which are detailed below:

##### *Asset volatility*

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Plan holds a significant proportion of growth assets (equities) which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored such that it is suitable for the Plan's long term objectives.

##### *Changes in bond yields*

A decrease in corporate bond yields will increase the Plan's liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

##### *Inflation risk*

A significant proportion of the Plan's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The value of the plan's index-linked bonds move in line with inflation, meaning an increase in inflation will increase the value of the index-linked bonds. The plan has therefore largely mitigated the inflation risk.

##### *Life expectancy*

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in liabilities.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**24. Post-retirement benefits – healthcare scheme**

At 30 April 2020, there were 15 (2019: 15) retired employees and 9 (2019: 11) retired partners who were permitted to benefit free of charge from membership of the Linklaters' group healthcare scheme for the year then ended.

Members of staff who retire from the Linklaters' employment no longer benefit free of charge from membership of the Linklaters' group healthcare scheme; the scheme is only available at Linklaters' discretion, to certain former members of staff with long service records who retired before 1 May 1996.

The figures in this note have been based on full actuarial valuations as at 30 April 2020 by independent actuaries in accordance with the provisions of IAS 19. The main assumptions used in updating the latest valuation of the scheme for IAS 19 purposes were:

**Main actuarial assumptions:**

	<b>2020</b> <b>% p.a.</b>	<b>2019</b> <b>% p.a.</b>
Interest rate	2.7	3.5
Medical risk cost trend:		
Initial rate of	6.5	7.0
Reducing by	0.5	0.5
For	4 years	4 years
Falling to	4.2	5.0
Over the	remaining years	remaining years

The mortality assumptions are based on the mortality of pensioners in Self Administered Pension Schemes (referred to as the SAPS S2 mortality tables). The assumptions are that a member who retired in 2020 at age 65 will live on average for a further 22.5 years after retirement if they are male and for a further 24.2 years if they are female.

The amount recognised in the consolidated income statement was as follows:

**Consolidated and LLP**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
Interest on plan liabilities	-	-
	-	-

The amount recognised in the consolidated statement of comprehensive income, gross of tax, was as follows:



**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**24. Post-retirement benefits – healthcare scheme (continued)**

**Consolidated:**

	<b>2020 £'m</b>	<b>2019 £'m</b>
Experience (loss) / gain arising on the plan liabilities	(0.1)	0.4
Changes in assumptions underlying the present value of the scheme liabilities	-	-
	<u>(0.1)</u>	<u>0.4</u>

**LLP:**

	<b>2020 £'m</b>	<b>2019 £'m</b>
Experience (loss) / gain arising on the plan liabilities	(0.1)	0.1
Changes in assumptions underlying the present value of the scheme liabilities	-	-
	<u>(0.1)</u>	<u>0.1</u>

The liability recognised in the consolidated balance sheet was as follows:

**Consolidated:**

	<b>2020 £'m</b>	<b>2019 £'m</b>
Present value of scheme liabilities	<u>(0.8)</u>	<u>(0.8)</u>

**LLP:**

	<b>2020 £'m</b>	<b>2019 £'m</b>
Present value of scheme liabilities	<u>(0.5)</u>	<u>(0.5)</u>

Movements in the present value of the scheme liabilities in the year were as follows:

**Consolidated:**

	<b>2020 £'m</b>	<b>2019 £'m</b>
Deficit in scheme at beginning of the year	(0.8)	(1.3)
Interest on plan liabilities (net finance charge)	-	-
Payment of benefits	0.1	0.1
Actuarial (loss) / gain	(0.1)	0.4
	<u>(0.8)</u>	<u>(0.8)</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**24. Post-retirement benefits – healthcare scheme (continued)**

LLP:

	2020 £'m	2019 £'m
Deficit in scheme at beginning of the year	(0.5)	(0.7)
Payment of benefits	0.1	0.1
Actuarial (loss) / gain	(0.1)	0.1
	(0.5)	(0.5)

**Sensitivities**

The sensitivity of the plan liabilities to changes in the principal assumption is:

Measure	2020 Basis	1% increase	1 % decrease
Health Care Cost Trend Rate	<b>6.5% in 2020 reducing by 0.5% p.a. for four years; 4.2% thereafter</b>	7.5% in 2020 reducing by 0.5% p.a. for four years; 5.2% thereafter	5.5% in 2020 reducing by 0.5% p.a. for four years; 3.2% thereafter
Total liability as at 30 April 2020	<b>£830k</b>	£915k	£756k
Impact on reported liability		+£85k	-£74k

The above sensitivity analysis on the discount rate is based on a change in assumption while holding all other assumptions constant.

**Risks**

*Inflation risk*

A significant proportion of the Plan's liabilities are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation).

*Life expectancy*

The majority of the Plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**25. Net cash from operating activities - consolidated**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
<b>Profit before taxation</b>	507.2	557.3
Depreciation and amortisation	82.4	23.8
Increase/(decrease) in provisions	14.9	(16.7)
Profit on sale of profit, plant and equipment	(0.1)	-
Net finance costs/(income)	7.0	(1.3)
Members' remuneration charged as an expense	(1.3)	(1.5)
<b>Operating cash flows before movements in working capital</b>	<b>610.1</b>	<b>561.6</b>
Decrease/(increase) in receivables	46.9	(60.6)
Increase in payables	9.2	17.4
<b>Cash generated by operations</b>	<b>666.2</b>	<b>518.4</b>
Corporation taxation paid	(31.8)	(32.9)
<b>Net cash from operating activities</b>	<b>634.4</b>	<b>485.5</b>

**26. Net cash from operating activities - Limited Liability Partnership**

	<b>2020</b> <b>£'m</b>	<b>2019</b> <b>£'m</b>
<b>Profit before taxation</b>	459.4	505.2
Depreciation and amortisation	31.8	5.5
Increase/(decrease) in provisions	9.2	(11.6)
Profit on sale of profit, plant and equipment	(0.1)	-
Net finance costs/(income)	2.0	(1.3)
Members' remuneration charged as an expense	(0.5)	(0.6)
Impairment of investments	62.0	-
<b>Operating cash flows before movement in working capital</b>	<b>563.8</b>	<b>497.2</b>
Increase in receivables	(34.8)	(85.3)
Increase in payables	116.7	58.3
<b>Cash generated by operations</b>	<b>645.7</b>	<b>470.2</b>
Corporation taxation paid	(23.6)	(27.4)
<b>Net cash from operating activities</b>	<b>622.1</b>	<b>442.8</b>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**27. Financial assets and liabilities - Consolidated**

The following information is provided in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosures"

**Categories of financial assets and liabilities**

The following table categorises the carrying value of the financial assets and liabilities at the balance sheet date all of which are held at amortised cost. In each case, the fair value is not materially different to the carrying value.

	2020 £'m	2019 £'m
<b>Financial assets</b>		
Trade receivables	443.3	470.9
Unbilled revenue	225.0	244.6
Amounts due from Members	93.0	84.6
Cash at bank and in hand	362.7	179.5
Financial assets at fair value through income statement	0.8	0.7
	<u>1,124.8</u>	<u>980.3</u>
<b>Financial liabilities</b>		
Trade and other current payables excluding accruals and deferred income	306.4	277.5
Bank loan	125.0	-
Members' capital classified as a liability	117.7	107.1
Current provisions settled by cash	0.4	1.4
	<u>549.5</u>	<u>386.0</u>

Linklaters hold unlisted equity investments for which the firm has not elected to recognise fair value gains and losses through other comprehensive income. During the year £nil (FY19: £nil) gains or losses were recognised in the income statement.

**Risks arising from financial assets and liabilities**

The following summarises the principal risks associated with the firm's financial assets and liabilities and how those risks are managed.

*Liquidity and capital risk*

The business is predominately financed by Members' capital and undistributed earnings with bank facilities also available. The capital structure is reviewed regularly to ensure that it is adequate to fund the current and projected needs of the business. The adequacy of borrowing facilities is regularly reviewed in light of projections of future cash flows. The firm has comfortably complied with the banking covenants set under the borrowing facilities.

The group's financial liabilities, excluding the Members' capital classified as a non-current liability (2020: £46.8m; 2019: £40.4m), all fall due within 12 months of 30 April 2020. The maturity profile of the Members' capital classified as a non-current liability is dependent on the dates of Member retirements, which is unknown beyond 12 months.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**27. Financial assets and liabilities (continued)**

*Currency risk*

The reporting currency is Sterling but the firm's business is international. Within each office, revenues and costs are predominately in the same currency. The firm is exposed to translation and transaction foreign currency risk and the firm may hedge or enter into forward derivative transactions in order to mitigate this risk.

*Credit risk*

The carrying amount of financial assets recorded in the financial statements, which is net of any loss allowance, represents the firm's maximum exposure to credit risk. Financial assets include cash and client receivables and unbilled revenue. The treasury policy requires that surplus funds be deposited only with approved counterparties and within counterparty limits.

An assessment is made of the credit risk associated with clients by reviewing independent ratings, by ensuring that no individual client accounts for a significant element of the combined client receivables and unbilled revenue balance and also by regularly monitoring the level of unpaid fees with all clients.

**Trade receivables and unbilled revenue**

The ageing of the consolidated LLP Fees due from clients at the balance sheet date was as set out in the table below.

The standard payment terms are that fees are payable on receipt of the invoice; therefore all fees are regarded as due within the below analysis.

	<b>2020 Loss rates</b>	<b>2019 Loss rates</b>	<b>2020 £'m</b>	<b>2019 £'m</b>
Amounts due:				
< 30 days old	1.1%	0.6%	267.8	292.4
31 - 60 days old	2.5%	1.4%	108.7	111.1
61 - 90 days old	5.5%	3.1%	40.1	34.2
91 - 120 days old	10.7%	6.0%	7.8	11.8
121- 180 days old	12.9%	7.0%	22.6	21.0
> 181 days old	41.9%	25.0%	13.8	9.3
Fees due from clients			460.8	479.8
Loss allowance			(17.5)	(8.9)
Amounts due, net of allowance			<u>443.3</u>	<u>470.9</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**27. Financial assets and liabilities (continued)**

Movements in the loss allowance were as follows:

	2020 £'m	2019 £'m
Balance at the beginning of the year	8.9	9.5
Provisions made during the year	16.5	9.5
Amounts utilised during the year	(2.3)	(3.6)
Unused amounts reversed during the year	(5.9)	(4.1)
Foreign currency translation	0.3	(2.4)
Balance at the end of the year	<u>17.5</u>	<u>8.9</u>

The firm has two types of financial assets that are subject to the credit loss model: Trade receivables for sale of legal services and unbilled revenue relating to legal services provided.

Linklaters applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables and unbilled revenue.

To measure the expected credit losses, trade receivables and unbilled revenue have been grouped based on the days past due, with values globally deemed to have the same credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 April 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of clients to settle the receivables. The firm has identified ageing of current trade receivables and circumstances impacting individual clients and industries to be the most relevant factors, and accordingly adjusts the historical loss rates based on known and expected changes in these factors.

The group has applied an ECL provision matrix with a loss rate of 0.2% against unbilled revenue after specific provisions. This results in a net ECL provision against unbilled revenue of £0.5m.

The ECL on other receivables was not material to the financial statements and so no loss allowance for other receivables has been recognised.

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**27. Financial assets and liabilities (continued)**

**Currency profile of financial assets and liabilities**

The currency profile of the group's consolidated financial assets and liabilities at the balance sheet date was as follows:

	2020 £'m	2019 £'m
<b>Financial assets</b>		
Sterling	608.6	463.6
Euros	306.0	296.3
US Dollars	107.1	125.8
Other	103.1	94.6
	<u>1,124.8</u>	<u>980.3</u>
<b>Financial liabilities</b>		
Sterling	370.3	207.8
Euros	63.8	54.7
US Dollars	82.9	89.2
Other	32.5	34.3
	<u>549.5</u>	<u>386.0</u>

**Sensitivity to currency risks**

The most significant currencies relevant to the group's business, other than Sterling, are the US Dollar and the Euro. The exchange rates used in the preparation of these financial statements were as follows:

	2020		2019	
	Average rate	Closing rate	Average rate	Closing rate
US Dollars/£	1.27	1.26	1.31	1.30
Euro/£	1.14	1.15	1.13	1.16

If Sterling had been 10% weaker or stronger than the above rates the change, when translated into Sterling, in the net assets attributable to members and the profit for the financial year available for profit share among members would have been as set out below.

	2020		2019	
	Net assets £'m	Profit £'m	Net assets £'m	Profit £'m
Sterling 10% weaker relative to US Dollars	2.6	(2.3)	4.0	(1.4)
Sterling 10% weaker relative to Euro	26.9	24.4	26.3	21.2
Sterling 10% stronger relative to US Dollars	(2.1)	1.9	(3.3)	1.2
Sterling 10% stronger relative to Euro	(22.0)	(19.9)	(21.5)	(20.4)

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**28. Financial assets and liabilities – Limited Liability Partnership**

The following information is provided in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosures"

**Categories of financial assets and liabilities**

The following table categorises the carrying value of the financial assets and liabilities at the balance sheet date all of which are held at amortised cost. In each case, the fair value is not materially different to the carrying value.

	2020 £'m	2019 £'m
<b>Financial assets</b>		
Trade receivables	330.4	351.9
Unbilled revenue	169.8	188.6
Amounts due from group undertakings	499.8	425.4
Amounts due from members	93.0	84.6
Cash at bank and in hand	326.8	143.4
Financial assets at fair value through income statement	0.8	0.7
	<u>1,420.6</u>	<u>1,194.6</u>
<b>Financial liabilities</b>		
Trade and other current payables excluding accruals and deferred income	925.9	792.4
Bank loan	125.0	-
Members' capital classified as a liability	117.7	107.1
Current provisions settled by cash	0.1	1.1
	<u>1,168.7</u>	<u>900.6</u>

Linklaters hold £0.8m (FY19: £0.7m) in unlisted equity investments for which the firm has not elected to recognise fair value gains and losses through other comprehensive income. During the year £nil (FY19: £nil) gains or losses were recognised in the income statement.

The treasury policy requires that surplus funds be deposited only with approved counterparties and within counterparty limits. An assessment is made of the credit risk associated with clients by reviewing independent ratings, by ensuring that no individual client accounts for a significant element of the combined client receivables and unbilled revenue balance and also by regularly monitoring the level of unpaid fees with all clients.



**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**28. Financial assets and liabilities – Limited Liability Partnership (continued)**

**Trade receivables and unbilled revenue**

The ageing of the LLP fees due from clients at the balance sheet date was as set out in the table below.

The standard payment terms are that fees are payable on receipt of the invoice, therefore all fees are regarded as due within the below analysis.

	<b>2020 Loss rates</b>	<b>2019 Loss rates</b>	<b>2020 £'m</b>	<b>2019 £'m</b>
Amounts due:				
< 30 days old	0.9%	0.3%	204.6	227.6
31 - 60 days old	2.1%	1.0%	84.4	82.0
61 - 90 days old	5.0%	2.5%	26.2	22.8
91 - 120 days old	9.8%	6.0%	5.8	7.9
121- 180 days old	11.8%	7.0%	12.3	11.6
> 181 days old	41.8%	25.0%	7.1	4.5
Fees due from clients			340.4	356.4
Loss allowance			(10.0)	(4.5)
Amounts due, net of allowance			<u>330.4</u>	<u>351.9</u>

Movements in the loss allowance for were as follows:

	<b>2020 £'m</b>	<b>2019 £'m</b>
Balance at the beginning of the year	4.5	5.7
Provisions made during the year	9.9	3.7
Amounts utilised during the year	(1.4)	(3.3)
Unused amounts reversed during the year	(3.1)	(1.7)
Foreign currency translation	0.1	0.1
Balance at the end of the year	<u>10.0</u>	<u>4.5</u>

Client receivables are initially recognised at fair value and are subsequently reduced for estimated irrecoverable amounts. Fees due from clients but not yet paid are reviewed regularly and provisions are established on a specific basis if collection of the amount due is in doubt.

Amounts are written off against the provision once it becomes clear that no further recovery is likely to occur.

The LLP determined that the expected credit loss on other receivables was not material to the financial statements and so no loss allowance for expected credit loss has been recognised. The loss allowance on amounts due from group undertakings was £23.5m (FY19: £80.9m).

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 April 2020 and the corresponding historical credit losses experienced within this period. The historical

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**28. Financial assets and liabilities – Limited Liability Partnership (continued)**

loss rates are adjusted to reflect current and forward looking information on factors affecting the ability of clients to settle the receivables. The firm has identified ageing of current trade receivables and circumstances impacting individual clients and industries to be the most relevant factors, and accordingly adjusts the historical loss rates based on known and expected changes in these factors.

The LLP has applied an ECL provision matrix with a loss rate of 0.2% against unbilled revenue after specific provisions. This results in a net ECL provision against unbilled revenue of £0.4m.

**Currency profile of financial assets and liabilities**

The currency profile of the LLP financial assets and liabilities at the balance sheet date was as follows:

	2020 £'m	2019 £'m
<b>Financial assets</b>		
Sterling	904.3	704.6
Euros	301.8	284.3
US Dollars	131.2	125.5
Other	83.3	80.2
	<u>1,420.6</u>	<u>1,194.6</u>
<b>Financial liabilities</b>		
Sterling	717.7	447.8
Euros	230.6	231.7
US Dollars	134.7	132.4
Other	85.7	88.7
	<u>1,168.7</u>	<u>900.6</u>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**29. Net debt reconciliation – consolidated**

The below table sets out an analysis of net debt and movements in net debt:

	Liabilities from Financing Activities			Other Assets	Total £'m
	Borrowings £'m	Leases £'m	Sub-total £'m	Cash and cash equivalents £'m	
<b>Net debt at 1 May 2018</b>	-	-	-	178.2	178.2
Cash flows	-	-	-	18.1	18.1
Foreign exchange adjustments	-	-	-	(16.8)	(16.8)
<b>Net debt at 30 April 2019</b>	-	-	-	179.5	179.5
Recognised on adoption of IFRS 16	-	(342.3)	(342.3)	-	(342.3)
Cash flows	(125.0)	63.3	(61.7)	165.1	103.4
Additions to lease liabilities	-	(86.7)	(86.7)	-	(86.7)
Foreign exchange adjustments	-	(0.8)	(0.8)	18.1	17.3
<b>Net debt as at 30 April 2020</b>	<b>(125.0)</b>	<b>(366.5)</b>	<b>(491.5)</b>	<b>362.7</b>	<b>(128.8)</b>

**Notes to the financial statements (continued)**  
**For the year ended 30 April 2020**

**30. Net debt reconciliation – Limited Liability Partnership**

The below table sets out an analysis of net debt and movements in net debt:

	Liabilities from Financing Activities			Other Assets	Total £'m
	Borrowings £'m	Leases £'m	Sub-total £'m	Cash and cash equivalents £'m	
<b>Net debt at 1 May 2018</b>	-	-	-	136.4	136.4
Cash flows	-	-	-	(7.7)	(7.7)
Foreign exchange adjustments	-	-	-	14.7	14.7
<b>Net debt at 30 April 2019</b>	-	-	-	143.4	143.4
Recognised on adoption of IFRS 16	-	(155.2)	(155.2)	-	(155.2)
Cash flows	(125.0)	30.4	(94.6)	205.1	110.5
Additions to lease liabilities	-	(86.7)	(86.7)	-	(86.7)
Foreign exchange adjustments	-	2.2	2.2	(21.7)	(19.5)
<b>Net debt as at 30 April 2020</b>	(125.0)	(209.3)	(334.3)	326.8	(7.5)

**31. Related party transactions**

Transactions between the LLP and its subsidiary undertakings, which are related parties, have been eliminated on consolidation. During the year, Linklaters LLP purchased staff and services from Linklaters Business Services. Linklaters LLP also purchased and received legal services from other subsidiary undertakings. The balances outstanding between Linklaters LLP and its subsidiary undertakings at the end of the financial year are shown in notes 16 and 19.

The share of profit of the Executive Committee members and the Chairman of the Partnership Board totalling 13.0 people (2019: 13.1 people), who are the key management personnel of the firm, in respect of the financial year amounted to £23.3 million (2019: £25.3 million).

**32. Commitments**

Property refurbishment costs of £8.7m (2019: £1.2m) have been contracted for but not provided for in the FY20 financial statements.

As outlined in note 12, the group is committed to payments totalling £5.3m in relation to leases that have been signed but have not yet commenced at 30 April 2020.