Registered number OC326345

Linklaters

Consolidated Annual Report and Annual Financial Statements of Linklaters LLP for the year ended 30 April 2023

Contents page
Year ended 30 April 2023

Report to the Members
Year ended 30 April 2023

The Partnership Board submit their report together with the audited consolidated financial statements of Linklaters LLP and its subsidiary undertakings for the year ended 30 April 2023.

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 2023 and 2022 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 alliances with other organisations where Linklaters either does not own shares in the related entity and/or is not able to exert significant influence over the entity. 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 2023, in the context of the challenging economic backdrop and global market volatility, the firm has achieved a strong financial performance. The firm reported an increase in revenue, although profits were impacted by a high inflationary environment and challenging market conditions. The firm was able to achieve this by continuing to embrace technology and innovative thinking to deliver excellence for its clients and its people. The firm's financial performance was driven, in particular, by high-end M&A, restructuring and insolvency, global contentious mandates, complex financings and energy transition and ESG.

Going concern

The Partnership Board 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 financial statements. The Partnership Board has considered the wider global economic uncertainty as part of the going concern assessment. Accordingly, and also taking into account the potential actions available to the Partnership Board to mitigate the impact of any adverse scenarios, the group continues 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 Partnership Board is the governance body for the firm, responsible for strategic and other major decisions, and ensuring effective consultation across the firm. The Partnership Board is elected by members in a manner reflecting the geographic and practice spread of the firm. The Executive Committee is a forum for discussion of issues relating to the management of the firm. It is chaired by the Firmwide Managing Partner, who is responsible for key management decisions as well as for making recommendations to the Partnership Board and, where appropriate, through the Partnership Board to members. During the year ended 30 April 2023 the Executive Committee comprised the Firmwide 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 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 Partnership Board. The Audit Committee has delegated authority from the Partnership Board to consider the key audit findings, to review financial information and make recommendations to the Partnership Board.

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:

Paul Lewis
Aedamar Comiskey

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 included 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 Linklaters are generally in deficit. These balances are shown in the Consolidated Balance Sheet as 'amounts due from members'. Once the profits for 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, offset by drawings made to members in the year. This typically results in an amount owed to each individual member at the end of the year and these balances are included in creditors. In the event that drawings in the year exceed tax liabilities reserved and the current year profits not yet distributed, the individual members' balance is included in debtors. Payment of members' profit share is made subject to the cash requirements of the firm, following approval by the Senior Partner and Chair, and the Firmwide Managing Partner.

Financing

The firm is financed through members' own capital and undistributed profits, with a mixture of bank facilities also available. 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 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 and the firm's 2023 Members' report on energy and carbon follows below.

Climate-related financial disclosures

The following section of this report constitutes Linklaters LLP's climate-related financial disclosures in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (as amended), as amended by the Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022.

These disclosures are published for the first time in respect of the firm's financial year ended 30 April 2023.

In this section of this report, the terms "Linklaters" and "the firm" refer to the international law firm comprising Linklaters LLP and entities that are directly or indirectly controlled by it.

Introduction

The need for the world to transition to a low-carbon economy requires significant changes in the global economy and presents both risks and opportunities for Linklaters' business. The firm's goal is to lead the legal market on energy transition and ESG and to model sustainability in its own business. Expertise in issues relating to climate change and the transition to a low-carbon economy is required in many parts of the firm's business and it is now an integral part of many client matters across the firm's Corporate, Finance and Litigation, Arbitration & Investigations divisions. The firm is in the process of integrating its expertise into all of its relevant legal practice areas and seeking to incorporate sustainability best practice into its own business activities.

Governance

Board-level oversight of climate-related matters

As the firm's senior governance body, the Partnership Board is responsible for strategic and other major decisions. This includes responsibility for oversight of the firm's management of climate-related risks and opportunities and approval of the firm's climate-related strategy. The Partnership Board is chaired by the firm's Senior Partner and made up of a group of elected partners who represent the geographic and legal practice spread of the firm. In the performance of its various roles, the Partnership Board takes into account climate change and energy transition-driven issues.

The Partnership Board periodically considers and has endorsed the firm's existing approach to climate-related matters. It has also considered and endorsed these climate-related financial disclosures. As explained below, the Partnership Board has a sub-committee focused on corporate responsibility and sustainability called the Corporate Responsibility Committee, which considers further aspects of the firm's climate strategy. The Partnership Board receives periodic reports and recommendations from that sub-committee.

Management's role in assessing and managing climate-related risks and opportunities

The Firmwide Managing Partner is the senior executive officer of Linklaters and is responsible, among other things, for the supervision and co-ordination of the overall management of the firm (in accordance with its governance framework) and for the development, for approval by the Partnership Board, of strategies and business plans. This includes responsibility for climate change and energy transition-driven related strategies and plans.

The Firmwide Managing Partner chairs the firm's Executive Committee, whose members include the heads of the main business divisions, the firm's Regional Managing Partners, the Chief Financial Officer and the leaders of certain other business functions. The Executive Committee is the forum in which the senior management of the firm discuss issues relating to the firm, including ESG risks and opportunities.

The Executive Committee has received briefings to inform and equip its members to understand climate-related issues and to consider and make decisions in relation to those issues. It also received a training session in this reporting year on climate change law and policy, relevant market developments, and the potential impact that related environmental, social and governance factors might have on clients of the firm and therefore its business.

The firm also has an International Advisory Group (the "IAG") made up of external members who are renowned experts in their respective fields. The IAG offers guidance on a wide range of strategic matters impacting the firm and its clients. During the financial year ended 30 April 2023, the IAG joined the Executive Committee twice to raise awareness of the key risks of energy transition, the energy crisis and the pressures of climate change impacting the UK and Europe.

The role of sub-committees

While the Partnership Board and the Firmwide Managing Partner are responsible for the oversight and management of the firm's key risks and opportunities, they delegate certain aspects of their work to sub-committees as follows:

- Corporate Responsibility Committee (the "CRC"): a sub-committee of the Partnership Board, with delegated authority to exercise the powers of the Partnership Board in relation to setting the firm's corporate responsibility and sustainability strategy in alignment with the firmwide strategy (save in respect of clients and business acceptance, the powers in relation to which remain with the Partnership Board as a whole). As part of the implementation of the firm's corporate responsibility and sustainability strategy, the CRC considers and is responsible for issues such as carbon reporting, and alignment to related initiatives and standards. Members of the CRC include the Senior Partner, at least one additional member of the Partnership Board, and the firm's Sustainability Director who is responsible for supporting the firm to frame its sustainability approach, identify sustainability themes that are material to its operations and clients, and develop initiatives that enable the firm to deliver tangible results against those. The Sustainability Director works closely with colleagues across the firm to structure the firm's sustainability initiatives, oversee the communication of the firm's sustainability strategy and provide expert opinions and critical reviews of the firm's approaches to the delivery of its sustainability initiatives.

- Audit Committee: reviews and approves the annual report and financial statements (which now include these climate-related financial disclosures), and now takes into account the impact of any significant climate-related risks and opportunities on the firm's financial statements in accordance with relevant accounting standards.
- Risk Committee: oversees the firm's enterprise risk management framework by regularly reviewing key operational and legal practice risks to the firm and their mitigation and management through appropriate systems and controls. The Risk Committee periodically reports to the firm's Executive Committee and the Partnership Board. The Risk Committee in turn has a sub-group in the form of the Operational Risks Executive Group (the "OREG"), whose purpose is to provide oversight and monitoring of key operational risks impacting the firm's day-to-day business operations (with a particular focus on IT and information security, business continuity and supplier management). The OREG reports periodically to the Risk Committee on those topics.

The experts in the firm's ESG practice also act as a source of information and insight on climate-related matters for the Partnership Board, the Firmwide Managing Partner, the Executive Committee and the sub-committees listed above.

Climate-related strategy, risks and opportunities

As a law firm, Linklaters' operational GHG emissions are relatively small and result primarily from energy usage, purchased goods and services and travel. The firm has a long-standing firmwide environment programme and has measured and reported progress in relation to reduction of its operational Scope 1 and Scope 2 GHG emissions since 2010 as an active member of the Legal Sustainability Alliance (as detailed below).

The firm has been considering relevant operational climate-related risks since 2021. In relation to purchased goods and services, in September 2022 the firm refreshed its Responsible Sourcing and Supplier Code of Conduct to factor in climate-related matters. Further detail on its climate-related risk identification, assessment and management processes in relation to its own operations are set out in the Risk Management section below.

Climate-related risks and opportunities in relation to the firm's advisory work has also been an area of focus for some time. The firm has market-leading expertise in helping clients to navigate the changing legal and policy landscape through decarbonising and transitioning their businesses (including through renewable energy deals, energy transition-driven M&A, the raising of capital related to the energy transition and assisting with transition strategies), and the firm's ambition is to build on this position and lead the legal market on energy transition and ESG. The firm also participates in a range of groups which aim to share best practices and facilitate collaboration between law firms and other businesses, and has a well-established business acceptance framework which takes into account climate considerations, further detail on which is set out below.

In light of the rapidly evolving nature of climate-related issues and these disclosures, during its financial year ended 30 April 2023, the firm conducted an internal exercise to engage with the majority of its sector-focused internal groups on climate-related risks and opportunities. The sector engagement exercise included a workshop for leaders and specialists across these sector groups as well as a questionnaire and knowledge sharing on methodologies for assessing climate-related risks and opportunities. Potential climate-related matters identified by the industry-sector focused groups were shared amongst the relevant sector groups. This exercise was overseen by an internal cross-functional working group supported by the firm's specialist ESG practitioners, members of the Legal & Risk function and clients and sectors management team and an external consultancy.

During the financial year ended 30 April 2023, the firm also started the process of analysing the resilience of its business model and strategy to climate change impacts by commissioning dedicated climate scenario analysis. This was carried out by the external consultancy, which worked with both business functions and client-facing teams at Linklaters to initiate qualitative and (where possible) quantitative analysis to identify and explore the key climate-related risks and opportunities facing the firm and how those may materialise under different climate scenarios.

When identifying and assessing the likelihood of each risk/opportunity to arise and the impact it would have, the firm built out the timeframes it uses for more traditional business and financial planning to cover the potentially longer periods required to identify and assess the effects of climate change. The timeframes used were: "Short Term", being from 0 to 8 years; "Medium Term", being from 8 to 18 years; and "Long Term", being from 18 to 28 years.

As part of the scenario analysis, principal climate-related risks and opportunities were assessed against three diverse climate scenarios from the Network for Greening Financial Services database: Net Zero 2050 1.5°C ("Net Zero 2050"); Delayed Transition 2.0°C ("Delayed Transition"); and Current Policies Hothouse 3.0°C ("Hothouse"). These scenarios were selected to cover a range of probabilities and impacts appropriate for the firm's business and were recommended by the external consultancy for the firm for its first climate scenario analysis, being (in their view) credible and familiar scenarios.

The "Net Zero 2050" scenario assumed:

- a limitation of global warming to 1.5°C through stringent and immediate introduction and application of climate policies and innovation, reaching net zero CO_2 emissions around 2050;
- that certain jurisdictions such as the US, the EU and Japan reach net zero for all greenhouse gases by that date;
- that carbon removal is used to accelerate that decarbonisation, but kept to a minimum and broadly in line with sustainable levels of bioenergy production; and
- that the attainment of net zero CO_2 emissions around 2050 gives at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (<0.1°C) of 1.5°C in earlier years.

The "Delayed Transition" scenario assumed:

- that global annual emissions do not decrease until 2030;
- that strong policies are then needed to limit global warming to below 2°C;
- that negative emissions are limited;
- that new climate policies are not introduced until 2030, and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by the Covid-19 pandemic; and

- a low availability of carbon dioxide removal technologies, pushing carbon prices higher than in the "Net Zero" scenario, and as a result emissions exceed the carbon budget temporarily and decline more rapidly to ensure a 67% chance of limiting global warming to below 2°C.

The "Hothouse" scenario assumed:

- that only currently implemented policies are preserved, with no new policies introduced;
- that emissions increase until 2080, leading to global warming of approximately 3°C; and
- resultant irreversible physical changes such as higher sea levels increasing the risk of crossing climatic "tipping points" (e.g. widespread methane release through the melting of permafrost landscape or permanent shutdown of the Atlantic Gulf Stream).

The scenario analysis was also conducted on the basis of certain agreed assumptions and estimates as to the firm's own business and operations over the relevant time periods, including in respect of the growth of the number of full-time employees within the business, salary increase rates, employee attrition rates and anticipated overall revenue growth. To assess the severity of the identified risks and impacts coming out of the scenario analysis (see the column below headed "Climate scenario assessment summary"), it was also assumed that no action had yet been taken to manage or mitigate those impacts.

Set out in the table below are the six principal climate-related risks and opportunities that the firm has identified as being most relevant to its business, considering its existing risk identification processes and the engagement exercise described above. The scoring matrix (based on their likelihood and impact in the Short Term, Medium Term and Long Term, as defined above) were classified as Low, Low Medium, High Medium or High.

Reference to a "transition" risk or opportunity means a reputational, legal, market, policy and/or technological change associated with mitigation of and adaptation to climate change. References to a "physical" risk means a risk of physical climate impact due to increased frequency of extreme weather events or sustained impacts from temperature rises (such as direct damage to assets or indirect impacts from supply chain disruption), either acute or chronic and driven by a longer-term shift in climate patterns.

Nature and category of risk / opportunity	Potential business impact	Climate scenario assessment summary		
Maintaining a position as a leading law firm		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Transition risk	Risk of reputational damage and related financial risk if the firm is perceived to advise in a manner that is not consistent with emerging climate-related regulatory requirements, case law and relevant policy or generally accepted understandings of physical and transition risks. Enhancement of perception as a responsible business and resultant potential growth of client base and accompanying revenue if the firm is perceived to be skilled at navigating the shifting legal landscape in this area and supporting clients in their transition to a lower carbon economy.	• Low / Medium for Short Term • High / Medium for Medium and Long Term	• Low for Short Term • High for Medium Term • High / Medium for Long Term	• Low for Short and Medium Term • Low / Medium for Long Term
Attracting and retaining talent		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Transition risk	Linklaters' response to the transition to a low carbon economy, and position as a responsible business, could improve or damage the firm's reputation depending on the firm's response to the transition opportunities and risks identified elsewhere in this table. This may impact the firm's ability to attract and retain talent. As the firm is a people-based service organisation, people are critical to its ability to serve clients and generate revenue.	• Low for Short, Medium and Long Term	• Low / Medium for Short and Medium Term • Low for Long Term	• Low / Medium for Short Term • High / Medium for Medium Term • High for Long Term
Increased or decreased demand for services from clients impacted by climate change		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Transition opportunity and risk	Risk of reputational damage and related financial risk if the firm is perceived to advise in a manner that is not consistent with emerging climate-related regulatory requirements, case law and relevant policy or generally	• High for Short Term • High / Medium for Medium and Long Term	• Low for Short Term • High for Medium Term • High / Medium for Long Term	• Low for Short Term and Medium Term • Low / Medium for Long Term

Nature and category of risk / opportunity	Potential business impact	Climate scenario assessment summary		
	accepted understandings of physical and transition risks. There is also an opportunity to grow revenues from products and services which support clients as they transition or suffer disruption in connection with the transition to a lower carbon economy. (e.g. advisory services on investment in new technologies, support for businesses in crisis e.g. through *restructurings, divestments and* refinancings, etc.).			
Demand for services from clients in emerging new sectors		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Transition opportunity	Emergence of new businesses, or businesses in new sectors, and opportunity for the firm to become the provider of choice of legal services to those businesses.	• Low / Medium for Short Term and Long Term • High / Medium for Medium Term	• Low for Short Term • High for Medium Term • High / Medium for Long Term	• Low for Short Term and Medium Term • Low / Medium for Long Term
Environmental sustainability upskilling		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Transition opportunity and risk	There is a need for continued upskilling of the firm's people on climate and sustainability matters, built upon an understanding of the changing regulatory and litigation landscape, increasing demand from existing clients and emerging clients. There is a risk of not upskilling effectively and/or losing key specialist lawyers. A lack of skills could damage the firm's ability to serve clients and generate revenue whilst effective upskilling could improve this.	• High / Medium for Short Term • Low / Medium for Medium Term • Low for Long Term	• Low / Medium for Short Term • High for Medium Term • High / Medium for Long Term	• Low for Short Term • Low / Medium for Medium Term • High / Medium for Long Term
The firm's people, offices and/or operations being impacted by climate change		**Net Zero 2050**	**Delayed Transition**	**Hothouse**
Physical risk	Impact on business continuity (disruption to delivery of services); resultant decrease in productivity and additional costs to the business.	• Low for Short, Medium and Long Term	• Low for Short, Medium and Long Term	• Low for Short and Medium Term • High for Long Term

The external conclusion from the climate scenario analysis revealed overall a strong opportunity agenda for the firm – particularly in the Net Zero 2050 and Delayed Transition scenarios – provided that the firm is able to sufficiently diversify and support its client base and maintain a position as a responsible business, noting that a fast-paced change (notably in Net Zero 2050 and Delayed Transition) creates greater risk exposure.

In addition, the climate scenario analysis identified three priority recommendations for actions to be taken to support building climate resilience and design a management strategy for climate-related risks and opportunities: (i) implement a governance structure that regularly monitors and manages climate-related risks and opportunities; (ii) take a pro-active approach to client base monitoring and climate-related risk and opportunity identification; and (iii) build on ongoing education and upskilling of staff. Additional more detailed recommendations were also made in relation to governance, strategy, risk management and targets and metrics. The firm is considering the outputs of the scenario analysis and these recommendations with a view to factoring them into the development of the firm's climate and transition strategy and ongoing risk management processes.

Based on the work undertaken (as described above) during this reporting period, the firm's current assessment is that its business model is sufficiently diversified and broadly resilient to climate change. However, the firm also recognises that there is more work to be done to develop its strategy and risk management practices in order to maximise the opportunities and mitigate against the risks identified above.

Risk Management

Approach to identifying, assessing and managing climate-related risks and opportunities

The firm identifies and manages climate-related risks as a part of its existing enterprise risk management framework, as explained in more detail below. This approach aims to ensure that climate-related risks are not considered in isolation and are recognised as being part of the firm's day-to-day operation as a responsible business. While climate-related risks are identified primarily at head office level, through this approach individual (e.g. location-specific) climate-related risks may also be identified in relation to an individual office across the firm's global network.

An explanation of some of the key components of Linklaters' approach and how climate-related risks and opportunities have been embedded into it is set out below.

Risk management framework

Governance

Business risks are actively considered and, as appropriate, managed by the Partnership Board, the Firmwide Managing Partner, the Executive Committee and the Risk, Audit and Corporate Responsibility sub-committees of the firm. An explanation of how these committees consider climate-related risks is set out under the heading "Governance" above.

The committees are supported by the firm's Legal & Risk function, which is responsible for promoting effective risk management practices across the firm.

Further support is provided by the firm's Internal Audit team, which reports to the firm's Risk Committee. The Internal Audit team is responsible for reviewing the adequacy of the firm's internal controls and compliance with regulation (primarily on the operational side of the business, plus certain elements of the firm's legal practice); continued monitoring of adherence to policies and procedures; reviews of financial and specific other risks; and assisting in communicating policy, procedure and best practice.

Enterprise Risk Management

The firm's global Enterprise Risk Management ("ERM") framework maps its identified key risks, their causes and their potential impacts, and tracks the relevant controls comprising the management response to each of those risks. The status of the key risks which have been assessed as having a "moderate", "high" or "significant" residual risk rating in the ERM are reported at regular intervals to the firm's Risk Committee to provide an organisation-level assessment of exposure to those risks.

This ERM framework has been updated to take into account climate-related risk, and the firm plans to expand the ERM framework further to reflect the climate-related risks detailed in the table above. Climate-related risk has been included where relevant as a component of other existing risks in the ERM framework; for instance, ensuring that climate-driven physical events are considered within the risk of a prolonged business disruption to the firm's business premises or facilities.

As with other key risks identified in the ERM framework, these risks have a dedicated business risk owner who is responsible for the regular assessment of the relevant risk and implementation of the relevant systems and controls to address them.

The firm also seeks to mitigate climate risks through its Environmental Management System which is certified to ISO 14001 and which supports reductions in the firm's environmental impacts. It is guided by the firm's publicly available global Environmental Policy, which is informed by the United Nations Global Compact environment principles and the UN Sustainable Development Goals. Areas covered include energy efficiency, business travel, resource and waste management and delivery of the firm's emission reduction targets. The firm has established an active network of Global Environment Representatives across its international network, who support delivery of the Environmental Management System at a local level.

Upskilling the firm's people

To help equip the firm's lawyers to support their clients, the firm runs a programme of training sessions, briefings and other capacity building initiatives. This includes the ESG Accelerator programme, which the firm ran in collaboration with the University of Oxford from 2020-2022. Each ESG Accelerator is a six-month programme of education, business planning and client engagement activity for participants. It has been rolled out to several cohorts of the firm's senior lawyers, to equip them to provide comprehensive transition and ESG-focused services across all major practice areas and to support clients in addressing the risks and opportunities presented to their business by climate change. The firm, in addition, has delivered more than sixty internal stand-alone training sessions across the firm on climate change and ESG factors by its specialist practitioners.

Business acceptance and client work

Linklaters has a well-established business acceptance framework. When taking on new clients and mandates, the firm takes into account its legal and professional obligations, risk and reputational issues and its purpose and values, which include acting with integrity and as a responsible business. All new business is assessed by the firm's Business Acceptance team and, where material issues (including ESG-related issues) that require discussion are identified, the relevant matter is escalated to an appropriate group of partners to consider whether the business should be accepted. The firm expects these assessments to continue to evolve over time.

The firm has advised on many of the most complex and high-profile renewables deals, it supports financial institutions and corporates on financial products and the raising of capital related to the transition and it assists many more clients on their own transition strategies and the full spectrum of ESG issues.

The firm's commitment to ESG does not mean that it does not work for, or imposes limits or quotas on, clients which operate in carbon intensive businesses, but the firm recognises that the risks in relation to carbon intensive new business should be viewed as part of the usual analysis that is integral to the firm's business acceptance process. Where the firm does work with clients in carbon intensive industries, the challenges and need for high-quality legal advice are particularly acute and it wishes to support its clients as they navigate the challenges of the transition process, as it is precisely clients in those industries that most need such expertise and experience.

Business Continuity

Linklaters' global Business Continuity Management Programme includes Business Continuity Plans for all business functions in the UK (in accordance with ISO 22301 requirements) and all the firm's offices around the world. It considers climate-related risks and plays a key role in identifying, assessing and managing the physical risk to Linklaters' people, offices and/or operations posed by acute and/or chronic climate impacts.

The firm tracks office closure days, taking into account and monitoring severe weather and climate-related incident alerts/patterns, identifying higher-risk locations for such incidents and preparing for those where possible. Climate-related risks and the firm's methods for monitoring and mitigating these are also discussed where applicable as part of the firm's Operational Risks Executive Group, which reports to the firm's Risk Committee.

Premises

Linklaters' office fit-out and move designs are informed by applicable environment, health and wellbeing certifications and the firm's Global Design Guide and Sustainable Design Checklists. For example, from 2026 the firm's headquarters will relocate to a new office in London, currently under construction. That building is designed to be BREEAM (Shell and Core) "Outstanding" rated and WELL "Platinum" certified. Linklaters is now working with its fit-out design team to achieve the highest BREEAM and WELL certificates for the fit-out design. The firm uses such standards to ensure that it meets its commitment to sustainable development as well as to help mitigate against the physical risk identified above of the firm's people, offices and/or operations being impacted by climate change.

Responsible sourcing

The firm depends on a wide range of purchased goods and services. These materially contribute to the firm's overall carbon footprint. Climate-related risks could also disrupt Linklaters' supply chain resulting in business continuity issues for the firm.

The firm has a Responsible Sourcing Programme, which was refreshed in 2022 and comprises:

- a Responsible Sourcing Policy, which sets out the firm's expectations of its suppliers in relation to their commitment to carbon reduction, energy efficiency and use of renewables, waste minimisation and the circular economy, and supporting biodiversity. The Policy recognises that it can take time to improve sustainability performance and, wherever possible, the firm seeks to work collaboratively with its suppliers by sharing knowledge and guidance to support them on their sustainability journeys; and

- a Supplier Code of Conduct, which applies to all suppliers and their subsidiaries and subcontractors that provide goods or services to Linklaters and sets out the minimum responsible standards that the firm requires from them. The Supplier Code of Conduct includes a requirement for those parties to comply with all applicable environmental laws, regulations and standards, whilst striving to adopt the best environmental practices for their sector. Suppliers are expected to be transparent in their practices and to comply with the Code of Conduct as a prerequisite to contracting with Linklaters.

Supplier performance against the areas governed by the Responsible Sourcing Policy is internally reported and used to inform procurement decisions. Linklaters may refuse to engage suppliers that do not meet, or are unable to demonstrate progress towards meeting, the requirements of the Code of Conduct, or that adopt approaches which are inconsistent with the Code of Conduct.

To help better understand, track and influence the sustainability risks within the supply chain, in 2022 Linklaters started to use EcoVadis, the sustainability rating and monitoring platform, with its most material suppliers. Where the EcoVadis scorecard for a particular supplier suggests an area of poor environmental performance or of concern, the firm seeks to engage with the supplier and work with them to develop an improvement plan. The EcoVadis platform also assists the firm in gathering carbon emissions data from suppliers, to review key supplier policies, actions and results in directly relevant areas such as decarbonisation and renewable energy consumption, and to use the platform's media monitoring functionality to keep up to date with supplier news relating to environmental performance.

Metrics and Targets

Targets

Linklaters has set near-term 1.5C aligned GHG emissions reduction targets approved by the Science-based Targets Initiative (SBTi) to reduce:

- Scope 1 and 2 emissions (primarily energy) by 70% by April 2030; and
- Scope 3 emissions (primarily purchased goods/services and travel) by 50% by April 2030,

in each case against a 2019 baseline.

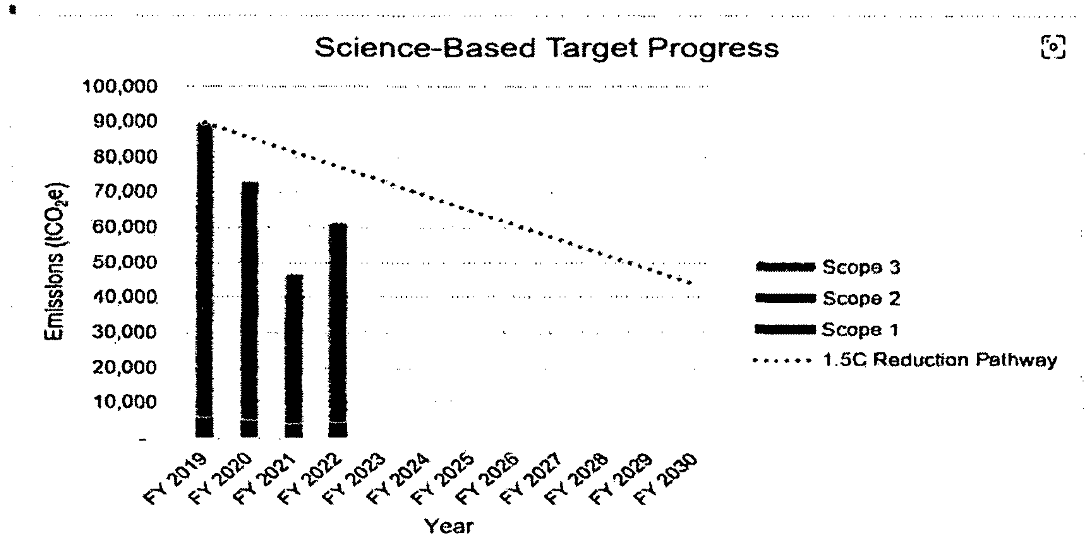
The firm also aims to increase renewable electricity procurement to above 80% by 2025.

Metrics

GHG Emissions

Linklaters' independently assured progress against its GHG emissions reduction targets to April 2022, shown below, is in alignment with the ISO 14064-3:2019 standard on specification and guidance for the verification and validation of greenhouse gas statements.

The firm's assured progress to April 2023 is due to be published in late 2023/early 2024. The firm is looking to reduce the time required to gather the raw data with supporting evidence, undertake the calculations and analysis and verify the outcomes, so that this aligns to the annual reporting timeframe.

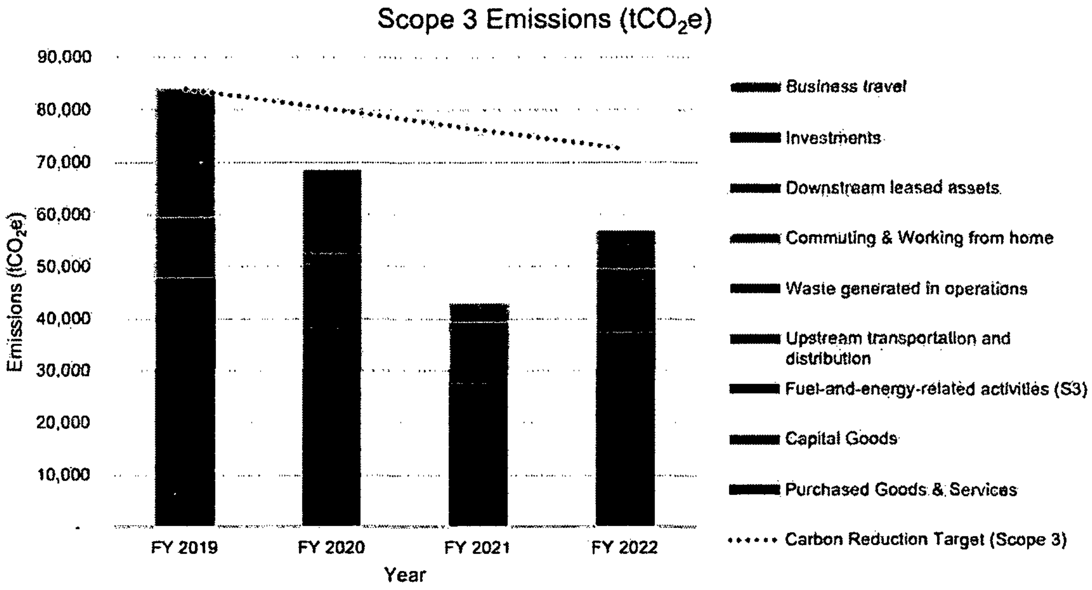


Between the financial year ended 30 April 2019 (FY2019) and the financial year ended 30 April 2022 (FY2022), the firm reduced Scope 1 and 2 tCO_2e emissions by 28%. This reduction was informed by a 23.2% increase in natural gas emissions and a 60.1% decrease in electricity emissions (in large part by increasing renewable electricity supply procurement from 73% in FY2019 to 81.5% in FY2023). Linklaters continues to seek more renewable energy supplies where possible and to introduce new energy efficiency opportunities in its offices to further reduce Scope 1 and 2 emissions.

Scope 3 emissions during the same period fell by 32%, primarily due to an 89.6% decrease in business travel and a 21.8% decrease in purchased goods and services emissions.

Emission trends in the financial years ended 30 April 2021 and 30 April 2022 were complicated by the impact of Covid-19-related lockdowns on business activities, the return to hybrid working under the firm's Agile Working Policy and key project investment.

The table below provides the breakdown of Scope 3 emissions:



The majority of Linklaters' Scope 3 emissions relate to purchased goods and services, investments in technology and office fit-outs/refurbishments, followed by commuting and working from home.

To enhance the quality and accuracy of its measurement and reporting, the firm has also worked hard to move up the data accuracy hierarchy by moving away from spend and sector estimates to, in 2022, measuring its UK catering emissions at product level for the first time. During this reporting period, the firm has started to measure emissions from firmwide sourcing of mobiles, laptops and printers at product level for the first time.

For information, the following Scope 1 and 2 related metrics show how much energy Linklaters' offices consumed in kilowatt hours (kWh) and carbon emissions (tCO_2e) in total. They also show the relative performance when divided by the number of employees in the firm's premises and internal space occupied in square metres.

As with the carbon emissions performance above, these figures were influenced by the Covid-19 pandemic from 2019/20 to 2021/22 plus hybrid working under the firm's Agile Working Policy.

Energy Performance & Intensity metrics	2018/19	2019/20	2020/21	2021/22
Total energy (kWh)	32,789,162	31,171,707	28,061,196	32,405,244
kWh per employee[1]	4,969	4,729	4,331	4,878
kWh per metre squared occupied	191	180	167	195

[1] Employee number includes permanent and temporary staff based in, or employed by, the firm's offices per FY.

Carbon Performance & Intensity Metrics	2018/19	2019/20	2020/21	2021/22
Total emissions (tCO_2e) (market-based)	89,650	72,853	46,801	60,992
Total emissions (tCO_2e) (location-based)	93,537	77,111	49,799	64,540
tCO_2e per employee (market-based)	13.6	11.1	7.2	9.2
tCO_2e per employee (location-based)	14.2	11.7	7.7	9.7
tCO_2e per metre squared occupied (market-based)	0.52	0.42	0.28	0.37
tCO_2e per metre squared occupied (location-based)	0.54	0.45	0.30	0.39

The following Scope 3 metrics monitor trends in two material categories, "Travel" and "Purchased Goods and Services":

Travel Performance Metrics	2018/19	2019/20	2020/21	2021/22
Total business and events travel emissions (tCO_2e)	22,827	13,921	441	2,389
tCO_2 emissions per employee	3.46	2.11	0.07	0.36
% change in travel emissions against 2018/19 baseline	N/A	-39%	-98%	-90%

Purchased Goods and Services (PG&S) Performance Metric	2018/19	2019/20	2020/21	2021/22
Total PG&S category emissions (tCO_2e)	47,897	38,231	27,687	37,457
% change in PG&S emissions against 2018/19 baseline	N/A	-20%	-41%	-22%
% emissions covered by EcoVadis	N/A	N/A	N/A	5%

Suppliers

As of July 2023, the firm tracks 93 of its key suppliers, accounting for over 43% of the firm's FY2023 addressable spend, on the EcoVadis platform.

Based on the EcoVadis data, the firm can assess these suppliers' indirect and direct greenhouse gas emissions and has identified that:

- 40% have taken action on their energy consumption and greenhouse gas emissions;
- 31% report on their energy consumption and greenhouse gas emissions;
- 30% have reported using renewable energy sources;
- 24% have committed to Science-based Targets;
- 23% have approved Science-based Targets; and
- 26% are respondents to the Carbon Disclosure Project (CDP).

Frequency of severe weather alerts by location

Linklaters began tracking office closure days in 2022, and to date has registered one such day in Hong Kong due to a cyclone in August 2022.

Expenditures and savings in low carbon alternatives

As introduced in the above SECR disclosures, the firm undertakes energy efficiency projects where feasible in its premises, with significant investment being made in particular in its new London headquarters, 20 Ropemaker Place, which the firm will occupy by 2026.

Significant energy saving measures were also taken as part of the refurbishment of the Hong Kong office, which took place late 2019/early 2020, and the New York office relocation, which was completed in November 2021.

Cautionary statement regarding climate-related data, metrics and forward-looking statements

In preparing its climate disclosures, Linklaters has made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. The climate data, models and methodologies used are often relatively new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. This means that the climate-related forward-looking statements and metrics discussed in this document carry an additional degree of inherent risk and uncertainty.

Any forward-looking statements made by or on behalf of Linklaters speak only as of the date they are made.

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

Approved by the Partnership Board to be signed on behalf of the Members on 23 October 2023 by

DocuSigned by:

Aedamar Comiskey

C016CBFCB26041F...

Designated Member

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 associated carbon performance.

This report contains the minimum requirements for compliance, which relate to UK-verified energy and car mileage data. Below the data is reported for the most recent financial year ended 30 April 2023 ("FY2023") against the previous year's data (FY2022) and our baseline year FY2019 used to inform and compare performance against our Science Based Targets initiative (SBTi) approved carbon reduction targets.

Data verification

The below UK FY2023 data relating to emissions, energy consumption and intensity ratios has been verified to a reasonable level to ISO14064:3 2019 standard by independent consultants, EcoAct. The energy efficiency initiatives have not been verified.

Note: Linklaters also conducts annual firmwide reporting of its carbon footprint, which is published on the firm's website and accompanied by a third-party verification statement. For FY2023, the firmwide data and statement are due to be published in the winter of 2023/24.

UK Scope 1, 2 and 3 Energy Consumption and related Carbon Emissions Equivalent (tCO_2e)

	2018/19		2021/22		2022/23	
Type and Scope	**kWh**	**tCO_2e**	**kWh**	**tCO_2e**	**kWh**	**tCO_2e**
Scope 1: Natural Gas	5,779,912	1,063.3	7,293,736	1,335.9	6,121,608	1,117.5
Scope 1: Refrigerants (kgs)*	~	~	~	~	5.6*	20.4
Scope 2: Grid-sourced renewable electricity (location based)	13,350,073	3,779.0	12,164,310	2,582.8	11,836,349	2,288.9
Scope 2: Grid-sourced renewable electricity (market based) purchased through Renewable Energy Guarantees of Origin (REGOs)	13,350,073	0	12,164,310	0	11,836,349	0
Scope 3: Business travel in employee-owned vehicles and/or short-term hire car	81,073	20.0	21,889	5.4	40,281	10.0
Scope 3: Diesel	~	~	~	~	1,153.8	0.3

*Refrigerant gas losses are recorded in kgs.

Total Gross UK Energy Consumption and Emissions

	2018/19		2021/22		2022/23	
	kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e
Location based	19,211,058	4,862	19,479,935	3,924	17,999,392	3,437.4
Market based	19,211,058	1,083	19,479,935	1,341	17,999,392	1,148.5

UK Intensity Ratios

	2018/19	2021/22	2022/23
kWh per employee	6,604	6,515	5,547
Tonnes of CO_2e per employee (location-based)	1.7	1.3	1.1
kWh per meter squared occupied	299	303	298
Tonnes of CO_2e per meter squared occupied (location-based)	0.076	0.061	0.057

Principal energy efficiency measures taken in the relevant financial year

The firm has not completed any significant energy reduction projects in our London headquarters, One Silk Street, due to a move to 20 Ropemaker Place by 2026. However, in FY2023 we continued to use the building's BMS controls and run the buildings as efficiently as possible. EMS consultants did model Silk Street energy consumption and identified potential energy saving opportunities. Following a pilot of the opportunities for six months, no material energy savings were found, and therefore the firm reverted to its previous energy management approach.

The firm continues to replace plant and controls to ensure reliability and efficiency are maintained and where possible improved.

In FY2023 the Colchester warehouse and small office were returned to the landlord at lease expiry. In the remaining Colchester office, we continued the fan coil unit (FCU) Trend control upgrade across the two floors at an investment value of £135,775. This is part of a rolling programme, which will continue in future financial years with the benefit of 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.

Historic energy efficiency initiatives

The firm has since 1997 implemented multiple energy efficiency initiatives in our London Headquarters, including employing an Energy Advisor and engineering plant and lighting review which informed replacement or refurbishments 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.

In 2014, the firm also undertook a similar plant review in Colchester for the two offices complex. A further upgrade of the main Colchester office took place in September 2021 with changes to office layout, with minor upgrades to the heating system and building controls, plus furniture refurbished and upgraded.

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

In FY2022, the spend was £142,000 on replacement building management controls.

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 UK Government emission factors for company greenhouse gas reporting, BEIS 2022, for the financial year ended 30 April 2023.

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.

Linklaters LLP members and Approval

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

Approved by the Partnership Board to be signed on behalf of the Members on 23 October 2023 by

DocuSigned by:
Aedamar Comiskey
C016CBFCB26041F...

Aedamar Comiskey

Designated Member

Members' responsibilities statement

The members are responsible for preparing the Consolidated 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 and the LLP financial statements in accordance with UK-adopted international accounting standards.

Under company law, as applied to limited liability partnerships, 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 LLP and of the profit or loss of the group 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 UK-adopted international accounting standards have been followed, 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 LLP will continue in business.

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

The members are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and LLP's transactions and disclose with reasonable accuracy at any time the financial position of the group and LLP and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent Auditors

The independent auditors of Linklaters LLP are 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 23 October 2023 by

DocuSigned by:
Aedamar Comiskey
C016CBFCB26041F...
Aedamar Comiskey
Designated Member

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 LLP financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the LLP's affairs as at 30 April 2023 and of the group's profit and the group's and LLP's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; 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 and the Limited Liability Partnership balance sheet as at 30 April 2023; 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

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

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

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

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

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, 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 LLP'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 LLP 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to SRA Regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as 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 evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Discussion, investigation and review of correspondence (as applicable) with management, the Compliance Officer for Finance and Administration, the Compliance Officer for Legal Practice and the Global Head of Contentious Risk and Insurances, including consideration of known or suspected instances of non-compliance with law and regulations and fraud;
- Assessment, investigation and review of correspondence (as applicable) in respect of whistleblowing matters reported and investigations performed by management (where applicable);

- Reviewing minutes of meetings of those charged with governance;
- Testing unusual or unexpected journal entries, particularly those impacting revenue;
- Reviewing internal audit reports;
- Challenging assumptions and judgements made by management in respect of significant accounting estimates; and
- Reviewing financial statement disclosures to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, 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 these opinions, 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.

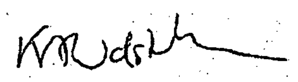
Other required reporting

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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP 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
23 October 2023

Consolidated income statement
For the year ended 30 April 2023

	Notes	2023 £'m	2022 £'m
Revenue from contracts with clients	3	1,876.8	1,762.3
Operating costs			
Staff costs	5	(963.8)	(868.3)
Depreciation and amortisation		(83.1)	(79.2)
Other operating expenses		(234.2)	(190.0)
Operating profit	2	595.7	624.8
Finance income	6	3.8	0.9
Finance costs	6	(10.6)	(9.2)
Profit before taxation		588.9	616.5
Taxation	7	(41.1)	(37.3)
Profit before members' remuneration and profit shares		547.8	579.2
Members' remuneration charged as an expense		(1.3)	(1.4)
Profit for the financial year available for discretionary division among members		546.5	577.8

Consolidated statement of comprehensive income
For the year ended 30 April 2023

	Notes	2023 £'m	2022 £'m
Profit for the financial year available for discretionary division among members		546.5	577.8
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		6.1	(2.0)
Items that will not be reclassified to profit or loss:			
Net actuarial (losses)/gains on defined benefit pension and post retirement benefit schemes (net of tax)	23/24	(0.1)	0.2
Total comprehensive income for the year		552.5	576.0

Consolidated balance sheet
As at 30 April 2023

	Notes	At 30 April 2023 £'m	At 30 April 2022 £'m
Assets			
Non-current assets			
Property, plant and equipment	10	75.9	80.3
Right-of-use assets	12	276.3	293.1
Intangible assets	14	10.8	9.9
Investments	15	0.1	0.8
Deferred tax asset	17	1.7	3.2
		364.8	387.3
Current assets			
Trade and other receivables	16	865.1	832.1
Amounts due from members	21	81.0	124.8
Cash and cash equivalents	18	202.8	180.3
		1,148.9	1,137.2
Total assets		1,513.7	1,524.5
Liabilities (including members' interests classified as liabilities)			
Current liabilities			
Trade and other payables	19	(454.9)	(430.9)
Lease liabilities	12	(57.9)	(58.0)
Current tax liabilities		(15.7)	(10.3)
Provisions	20	(1.7)	(1.3)
Members' capital classified as a liability	21	(72.7)	(67.5)
		(602.9)	(568.0)
Non-current liabilities			
Provisions	20	(57.1)	(72.8)
Lease liabilities	12	(258.3)	(271.6)
Post-retirement benefits	24	(0.3)	(0.3)
Members' capital classified as a liability	21	(48.3)	(51.9)
		(364.0)	(396.6)
Total liabilities (including members' interests classified as liabilities)		(966.9)	(964.6)
Net assets		546.8	559.9
Equity			
Members' capital classified as equity	21	40.0	40.0
Members' other interests - other reserves classified as equity	21	506.8	519.9
Members' equity		546.8	559.9
Total members' interests			
Amounts due from members	21	(81.0)	(124.8)
Members' capital classified as a liability	21	121.0	119.4
Members' capital classified as equity	21	40.0	40.0
Members' other interests	21	506.8	519.9
		586.8	554.5

Consolidated balance sheet (continued)
As at 30 April 2023

The financial statements on pages 26 to 80 were authorised for issue by the members and signed on their behalf on 23 October 2023 by:

DocuSigned by:
Aedamar Comiskey
C016CBFCB26041F...

Aedamar Comiskey
Senior Partner and Chair

DocuSigned by:
Paul Lewis
4CAEEFA5F552415...

Paul Lewis
Firmwide Managing Partner

Limited Liability Partnership balance sheet
As at 30 April 2023

	Notes	At 30 April 2023 £'m	At 30 April 2022 £'m
Assets			
Non-current assets			
Property, plant and equipment	11	39.5	43.4
Right-of-use assets	13	160.5	154.8
Investments	15	91.1	91.8
		291.1	290.0
Current assets			
Trade and other receivables	16	1,189.5	1,085.1
Amounts due from members	22	81.0	124.8
Cash and cash equivalents	18	158.2	130.2
		1,428.7	1,340.1
Total assets		1,719.8	1,630.1
Liabilities (including members' interests classified as liabilities)			
Current liabilities			
Trade and other payables	19	(1,079.0)	(972.7)
Lease liabilities	13	(25.8)	(24.9)
Current tax liabilities		(12.3)	(8.2)
Provisions	20	(0.1)	-
Members' capital classified as a liability	22	(72.7)	(67.5)
		(1,189.9)	(1,073.3)
Non-current liabilities			
Provisions	20	(46.5)	(50.0)
Lease liabilities	13	(159.5)	(153.4)
Post-retirement benefits	24	(0.2)	(0.2)
Members' capital classified as a liability	22	(48.3)	(51.9)
		(254.5)	(255.5)
Total liabilities (including members' interests classified as liabilities)		(1,444.4)	(1,328.8)
Net assets		275.4	301.3
Equity			
Members' capital classified as equity	22	40.0	40.0
Members' other interests - other reserves classified as equity	22	235.4	261.3
Members' equity		275.4	301.3
Total members' interests			
Amounts due from members	22	(81.0)	(124.8)
Members' capital classified as a liability	22	121.0	119.4
Members' capital classified as equity	22	40.0	40.0
Members' other interests	22	235.4	261.3
		315.4	295.9

Limited Liability Partnership balance sheet (continued)
As at 30 April 2023

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 £532.8million (2022: £543.7 million profit).

The financial statements on pages 26 to 80 were authorised for issue by the members and signed on their behalf on 23 October 2023 by:

DocuSigned by:	DocuSigned by:
Aedamar Comiskey	Paul Lewis
C016CBFCB26041F...	4CAEEFA5F552415...
Aedamar Comiskey	Paul Lewis
Senior Partner and Chair	Firmwide Managing Partner

Consolidated cash flow statement
For the year ended 30 April 2023

	Note	2023 £'m	2022 £'m
Net cash from operating activities	25	632.1	574.5
Investing activities			
Interest received		3.8	0.9
Purchases of property, plant and equipment		(14.1)	(22.2)
Purchase of intangible assets		(4.4)	(4.0)
Loss on disposal of property, plant and equipment		(0.1)	(0.3)
Net cash used in investing activities		(14.8)	(25.6)
Financing activities			
Interest paid		(10.6)	(9.2)
Distributions to and on behalf of members		(505.5)	(511.8)
Capital contributions by members		5.4	4.2
Capital repayments to members and former members		(20.1)	(19.4)
Capital contributions by non members		2.6	1.9
Capital repayments to non members		(10.8)	(3.2)
Capital element of lease rentals		(56.5)	(55.3)
Net cash used in financing activities		(595.5)	(592.8)
Net increase/(decrease) in cash and cash equivalents		21.8	(43.9)
Cash and cash equivalents at beginning of year		180.3	222.3
Effects of foreign exchange rate changes		0.7	1.9
Cash and cash equivalents at end of year		202.8	180.3

Limited Liability Partnership cash flow statement
For the year ended 30 April 2023

	Note	2023 £'m	2022 £'m
Net cash from operating activities	26	585.8	497.2
Investing activities			
Interest received		3.4	0.5
Purchase of property, plant and equipment		(3.4)	(8.5)
Loss on disposal of property, plant and equipment		(0.3)	(0.4)
Net cash used in investing activities		(0.3)	(8.4)
Financing activities			
Interest paid		(7.1)	(5.3)
Distributions to and on behalf of members		(503.1)	(497.3)
Capital contributions by members		5.4	4.2
Capital repayments to members and former members		(20.1)	(19.4)
Capital contributions by non members		2.6	1.9
Capital repayments to non members		(10.8)	(3.2)
Capital element of lease rentals		(24.9)	(23.3)
Net cash used in financing activities		(558.0)	(542.4)
Net increase/(decrease) in cash and cash equivalents		27.5	(53.6)
Cash and cash equivalents at beginning of year		130.2	183.9
Effects of foreign exchange rate changes		0.5	(0.1)
Cash and cash equivalents at end of year		158.2	130.2

Consolidated statement of changes in equity
For the year ended 30 April 2023

	Members' capital £'m	Other reserves £'m	Total members' interests: equity £'m
Balance at 1 May 2021	40.0	485.1	525.1
Profit for the financial year available for division among members	-	577.8	577.8
Exchange differences on translation of foreign operations	-	(2.0)	(2.0)
Net actuarial gain on pension scheme and post retirement benefit scheme	-	0.2	0.2
Total comprehensive income for the year	-	576.0	576.0
Profits allocated to members	-	(541.2)	(541.2)
Balance at 30 April 2022	40.0	519.9	559.9
Profit for the financial year available for division among members	-	546.5	546.5
Exchange differences on translation of foreign operations	-	6.1	6.1
Net actuarial loss on pension scheme and post retirement benefit scheme	-	(0.1)	(0.1)
Total comprehensive income for the year	-	552.5	552.5
Profits allocated to members	-	(565.6)	(565.6)
Balance at 30 April 2023	40.0	506.8	546.8

Limited Liability Partnership statement of changes in equity
For the year ended 30 April 2023

	Members' capital £'m	Other reserves £'m	Total members' interests: equity £'m
Balance at 1 May 2021	40.0	246.4	286.4
Profit for the financial year available for division among members	-	543.7	543.7
Exchange differences on translation of foreign operations	-	(2.1)	(2.1)
Total comprehensive income for the year	-	541.6	541.6
Profits allocated to members	-	(526.7)	(526.7)
Balance at 30 April 2022	40.0	261.3	301.3
Profit for the financial year available for division among members	-	532.8	532.8
Exchange differences on translation of foreign operations	-	4.5	4.5
Total comprehensive income for the year	-	537.3	537.3
Profits allocated to members	-	(563.2)	(563.2)
Balance at 30 April 2023	40.0	235.4	275.4

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.

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standards ('IAS') as adopted by the United Kingdom ('UK'), with the requirements of the Company Act 2006 as applicable to limited liability partnerships ('LLPs') reporting under IAS. New standards and amendments that are applicable for the first time this year have not had a material impact on the group. None of the new standards and amendments that are not yet effective are expected to have a material effect on the group.

1.2 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 2023 and 30 April 2022 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 £532.8m (2022: £543.7m) is included within the financial statements of the LLP.

1.3 Members' remuneration

Members' remuneration charged as an expense includes guaranteed salaries and any other non-discretionary amounts payable to members.

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.

1.4 Members' interests

Members subscribe for capital on an interest free basis. The amount of capital per profit sharing unit is determined by the Partnership Board 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 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 Partnership Board and is shown in the financial statements as equity with the remaining capital disclosed as a liability.

1. Statement of accounting policies (continued)

1.5 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 includes internal costs incurred where the group is principal but excludes disbursements where the group are the agent. Revenue for services provided to clients which has not been billed at the balance sheet date has been recognised based on an estimate of the amounts which are billable for 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.

1.6 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

Leasehold improvements	Over the term of the lease

(ii) Plant and equipment

Computers and ancillary equipment	15.0% to $33^{1}/_{3}$% pa
Other plant and equipment	25.0% pa

(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 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. Statement of accounting policies (continued)

1.7 Leases

The group leases various properties (office buildings), 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 25 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.

Leases are classified as a right-of-use asset and a corresponding liability at the date 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 the 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.

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.

1. Statement of accounting policies (continued)

1.7 Leases (continued)

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;
- An estimate of dilapidation costs to be incurred at the end of the lease contract; 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 derecognised right-of-use asset then this results in a charge to the income statement in the year when the sub-lease commences.

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.

1.8 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. Statement of accounting policies (continued)

1.9 Impairment of property, plant and equipment, leased assets and intangible assets

At each balance sheet date the carrying amount of property, plant and equipment, leased assets 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.

1.10 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.

1.11 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 management and are discounted to the present value of the obligation where material.

1.12 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.

1.13 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 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.

1. Statement of accounting policies (continued)

1.13 Taxation (continued)

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 and is held in members' other interests until the final allocation of profits each year is approved by the PB, following a recommendation by the Audit Committee. At this point the members' tax reserves become a creditor of the LLP. Tax reserves relating to prior year profits which have been allocated are netted against amounts due from members.

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

1.14 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.

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. Under the terms of the pension scheme trust, the Company is judged to not hold the unconditional right to any remaining assets upon closure of the scheme and accordingly the net pension surplus is not recognised as an asset in the consolidated balance sheet.

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.

1.15 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. Statement of accounting policies (continued)

1.16 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 members' equity interests.

1.17 Critical accounting estimates and key sources of estimation

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 estimates and judgements 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 judgements are as follows:

Unbilled client revenue (notes 16, 27 & 28)

Unbilled client revenue is recognised as an estimate of the amounts expected to be billable for services provided up to the balance sheet date. A 10% variance in unbilled amounts would result in a change in revenue of £29.2m.

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. Judgement is applied in assessing the likelihood of an economic outflow and if this is expected an estimate is made of the value of that outflow and this is recorded as a provision.

Leases (notes 12 & 13)

IFRS 16 requires a judgement of the likelihood that lease contract extensions and termination options will be exercised. Full detail of the estimates and judgements influencing the accounting for leases is detailed in notes 12 & 13.

1. Statement of accounting policies (continued)

1.18 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. Various financial scenarios have been considered as part of this assessment. The group and LLP also have significant cash holdings and committed bank facilities.

After making enquiries with the PB and the Executive Committee, 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.

2. Operating profit

	2023 £'m	2022 £'m
Operating profit is stated after charging/(crediting):		
Depreciation and amortisation	83.1	79.2
Net foreign exchange gain	(0.6)	(4.5)
Net impairment loss on financial assets	14.7	8.6

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 and other property costs.

3. Revenue from contracts with clients

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

	2023 £'m	2022 £'m
Americas	122.2	101.2
Asia Pacific	259.1	255.8
Continental Europe	638.6	598.8
Middle East	33.8	22.3
United Kingdom	823.1	784.2
	1,876.8	1,762.3

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 2023

4. Auditors' remuneration

	2023 £'m	2022 £'m
Fees payable to the LLP's auditors for the audit of the LLP's annual financial statements	0.6	0.5
Fees payable to the LLP's auditors and its associates for other services:		
The audit of the LLP's associated undertakings, pursuant to legislation	0.4	0.4
Total fee for audit services	1.0	0.9
Other services required pursuant to legislation	0.1	0.1
Other services relating to taxation compliance advice	0.3	0.6
Other services relating to taxation advisory fees	0.2	0.4
Other services	0.6	0.2
Total fee for non-audit services	1.2	1.3

5. Staff costs

	2023 No.	2022 No.
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	2,738	2,564
Business teams employees and secretaries	2,172	2,147
	4,910	4,711

	2023 £'m	2022 £'m
Staff costs incurred during the year in respect of employees and self-employed lawyers were:		
Salaries (including employee bonus)	837.1	767.0
Social security costs	53.7	47.3
Pension costs	22.6	19.9
Other staff related costs	50.4	34.1
	963.8	868.3

Notes to the financial statements (continued)
For the year ended 30 April 2023

6. Finance income and costs

	2023 £'m	2022 £'m
Finance income		
Interest received on bank deposits	3.8	0.9
Finance costs		
Other interest payable	(10.6)	(9.2)
	(6.8)	(8.3)

7. Taxation

	2023 £'m	2022 £'m
Current year - UK corporation tax	3.1	1.7
Current year - Other non-UK taxes	35.8	34.5
Adjustments in respect of prior years	0.9	0.1
	39.8	36.3
Deferred tax	1.3	1.0
	41.1	37.3

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.

Reconciliation of tax charge:	2023 £'m	2022 £'m
Profit before taxation	588.9	616.5
Less: Amounts subject to personal tax	(405.3)	(433.8)
Profits subject to corporate taxation	183.6	182.7

	2023 £'m	2022 £'m
Profits subject to corporate taxation	183.6	182.7
Profits subject to corporate taxation at the UK corporation tax rate of 19.5% (2022: 19.0%)	35.8	34.7
Tax effects of:		
Expenses not deductible for tax purposes in the period	2.5	0.3
Different tax rates and bases in other jurisdictions	0.8	1.8
Unrelieved losses	1.1	0.5
Adjustment in respect of prior years	0.9	-
Total tax charge for the year	41.1	37.3

The total tax charge for the year is higher (2022: higher) than the profit subject to corporate taxation multiplied by 19.5% (2022: 19.0%) due to the items in the reconciliation above.

7. Taxation (continued)

As part of the 2021 UK Budget it was announced that the main rate of UK corporation tax would increase to 25.0% from 1 April 2023. This increase was substantively enacted, and consequently deferred tax balances in the financial statements for the year ended 30 April 2023 are recognised at the UK corporation tax rate of 25% applicable at year-end.

8. Members' share of profits

The Partnership Board 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 2023, on becoming equity members, most members received between ten and fourteen profit sharing units ("Parts"). Parts generally increase each year (or can be maintained / decreased) in accordance with the firm's profit sharing arrangements under its Members' Agreement and internal policies.

Members' remuneration charged as an expense comprises remuneration of certain members who are members of Linklaters LLP but who receive all or part of their total remuneration in a form other than profit share from an entity within the group other than the LLP. Members do not receive any interest on their capital contributions.

The average number of members during the year was 319 (2022: 309).

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.

10. Property plant and equipment – consolidated

	Leasehold improvements £'m	Plant & equipment £'m	Software £'m	Total £'m
Cost				
At 1 May 2021	208.3	160.0	3.0	371.3
Additions	13.9	7.4	0.9	22.2
Disposals	(5.2)	(1.9)	-	(7.1)
Currency translation adjustments	2.1	0.4	-	2.5
At 30 April 2022	**219.1**	**165.9**	**3.9**	**388.9**
Additions	6.1	7.6	0.4	14.1
Disposals	(0.1)	(1.8)	-	(1.9)
Currency translation adjustments	1.1	1.7	0.2	3.0
At 30 April 2023	**226.2**	**173.4**	**4.5**	**404.1**
Accumulated depreciation				
At 1 May 2021	159.2	135.9	2.4	297.5
Charge for the year	7.7	10.1	0.3	18.1
Disposals	(5.2)	(1.8)	-	(7.0)
Currency translation adjustments	(0.3)	0.3	-	-
At 30 April 2022	**161.4**	**144.5**	**2.7**	**308.6**
Charge for the year	8.4	11.1	0.4	19.9
Disposals	(0.1)	(1.5)	-	(1.6)
Currency translation adjustments	0.5	0.7	0.1	1.3
At 30 April 2023	**170.2**	**154.8**	**3.2**	**328.2**
Carrying amount				
At 30 April 2023	**56.0**	**18.6**	**1.3**	**75.9**
At 30 April 2022	**57.7**	**21.4**	**1.2**	**80.3**

Notes to the financial statements (continued)
For the year ended 30 April 2023

11. Property plant and equipment – Limited Liability Partnership

	Leasehold improvements £'m	Plant & equipment £'m	Software £'m	Total £'m
Cost				
At 1 May 2021	52.7	43.6	1.2	97.5
Additions	5.0	3.4	0.1	8.5
Disposals	(2.8)	(0.3)	-	(3.1)
Currency translation adjustments	2.0	(0.2)	(0.1)	1.7
At 30 April 2022	**56.9**	**46.5**	**1.2**	**104.6**
Additions	0.6	2.8	-	3.4
Disposals	-	(0.5)	-	(0.5)
Currency translation adjustments	0.7	1.6	-	2.3
At 30 April 2023	**58.2**	**50.4**	**1.2**	**109.8**
Accumulated depreciation				
At 1 May 2021	22.8	33.3	1.2	57.3
Charge for the year	3.4	3.8	-	7.2
Disposals	(2.8)	(0.3)	-	(3.1)
Currency translation adjustments	0.1	(0.3)	-	(0.2)
At 30 April 2022	**23.5**	**36.5**	**1.2**	**61.2**
Charge for the year	3.8	4.2	-	8.0
Disposals	-	(0.5)	-	(0.5)
Currency translation adjustments	0.5	1.1	-	1.6
At 30 April 2023	**27.8**	**41.3**	**1.2**	**70.3**
Carrying amount				
At 30 April 2023	**30.4**	**9.1**	**-**	**39.5**
At 30 April 2022	**33.4**	**10.0**	**-**	**43.4**

Notes to the financial statements (continued)
For the year ended 30 April 2023

12. Leases - Consolidated

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

Amounts recognised in the Balance Sheet relating to leases:

Right-of-use assets	**30 April 2023 £'m**	**30 April 2022 £'m**
Property	272.4	286.9
Cars	0.8	0.2
Technology	3.1	6.0
	276.3	293.1

Additions to the right-of-use assets during the year ended 30 April 2023 were £36.7m (2022: £57.6m).

Lease liabilities	**30 April 2023 £'m**	**30 April 2022 £'m**
Current	57.9	58.0
Non-current	258.3	271.6
	316.2	329.6

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

Cash flow maturity analysis	**30 April 2023 £'m**	**30 April 2022 £'m**
Within one year	66.4	67.5
Within two to five years	180.4	211.8
In more than five years	110.0	92.8
	356.8	372.1

12. Leases – Consolidated (continued)

Amounts charged in the consolidated income statement related to leases:

Depreciation charge of right-of-use assets	**2023 £'m**	**2022 £'m**
Property	56.7	55.4
Cars	0.1	0.1
Technology	2.9	2.1
	59.7	57.6

	2023 £'m	**2022 £'m**
Interest expense (included in finance costs)	9.3	8.7
Expense relating to short-term leases (included in other operating expenses)	0.6	3.4
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	0.4	0.3
Income relating to sub-leases classified as operating leases (included in other operating expenses)	(0.5)	(0.4)

The total cash outflow for leases in 2023 relating to the capital element of the lease payments was £56.5m (2022: £55.3m) and relating to the interest payments was £9.3m (2022: £8.7m).

The group signed Heads of Terms on a new lease and an associated Agreement to Lease during the financial year ended 30 April 2020. 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. In June 2022, the Company confirmed its total space take in accordance with the options set out in the Agreement to Lease. This commits the Company to lease payments of £454m over the term of the lease. Further, the lease is expected to run for a period of 20 years from the commencement date.

12. Leases – Consolidated (continued)

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

	2023 £'m	2022 £'m
Plant and machinery	1.0	3.7

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

	2023 £'m	2022 £'m
Land and buildings	0.5	0.4

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

	Other	
	2023 £'m	2022 £'m
Within one year	0.1	0.1

At 30 April, 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	
	2023 £'m	2022 £'m
Within one year	0.5	0.6
Within two to five years	0.3	0.6
	0.8	1.2

12. Leases – Consolidated (continued)

Significant judgements or estimates

Extension and termination options are included in various property and equipment leases across the Group. The lease term includes periods covered by an option to extend, or an option to terminate, if the lessee is reasonably certain to exercise the extension option, or not to exercise the termination option.

As at 30 April 2023, potential future cash outflows of £74.5m (2022: £73.5m) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. As at 30 April 2023, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in lease liabilities of £38.8m (2022: £36.2m) and right-of-use assets of £35.1m (2022: £33.7m).

13. Leases – Limited Liability Partnership

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

Amounts recognised in the Balance Sheet position relating to leases:

Right-of-use assets	**30 April 2023 £'m**	**30 April 2022 £'m**
Property	160.3	154.8
Cars	0.2	-
	160.5	154.8

Additions to the right-of-use assets during the year ended 30 April 2023 were £20.9m (2022: £3.0m).

Lease liabilities	**30 April 2023 £'m**	**30 April 2022 £'m**
Current	25.8	24.9
Non-current	159.5	153.4
	185.3	178.3

Notes to the financial statements (continued)
For the year ended 30 April 2023

13. Leases – Limited Liability Partnership (continued)

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

Cash flow maturity analysis	30 April 2023 £'m	30 April 2022 £'m
Within one year	30.9	31.5
Within two to five years	97.0	105.6
In more than five years	91.0	72.9
	218.9	210.0

Amounts charged in the LLP income statement related to leases:

Depreciation charge of right-of-use assets	2023 £'m	2022 £'m
Property	24.7	22.7
Cars	0.1	0.1
	24.8	22.8

	2023 £'m	2022 £'m
Interest expense (included in finance costs)	5.2	4.6
Expense relating to short-term leases (included in other operating expenses)	0.3	2.2
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses)	0.3	0.2

The total cash outflow for leases in 2023 relating to the capital element of the lease payments was £24.9m (2022: £23.3m) and relating to the interest payments was £5.2m (2022: £4.6m).

13. Leases – Limited Liability Partnership (continued)

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

	2023 £'m	2022 £'m
Plant and machinery	0.6	2.5

There was £0.1m (2022: £nil) rent receivable from sub-leases classified as operating leases recognised in the LLP income statement for the year.

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:

	Other	
	2023 £'m	2022 £'m
Within one year	0.1	0.1

The LLP had £0.1m (2022: £0.3m) minimum amounts to be received under non-cancellable sub-leases classified as operating leases for land and buildings.

Significant judgements or estimates

Extension and termination options are included in various property and equipment leases across the Company. The lease term includes periods covered by an option to extend, or an option to terminate, if the lessee is reasonably certain to exercise the extension option, or not to exercise the termination option.

As at 30 April 2023, potential future cash outflows of £69.2m (2022: £69.3m) (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. As at 30 April 2023, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in lease liabilities of £33.8m (2022: £32.6m) and right-of-use assets of £30.5m (2022: £30.3m).

14. Intangible assets – Consolidated

Applications software

	2023 £'m	2022 £'m
Cost		
At 1 May	105.0	101.0
Additions	4.4	4.0
At 30 April	**109.4**	**105.0**
Accumulated amortisation		
At 1 May	95.1	91.6
Charge for the year	3.5	3.5
At 30 April	**98.6**	**95.1**
Carrying amount		
At 30 April	**10.8**	**9.9**

The Linklaters LLP has £nil intangible assets (2022: £nil).

Notes to the financial statements (continued)
For the year ended 30 April 2023

15. Investments

	Country of incorporation/ registration or operation	Proportion of ordinary shares ownership
At 30 April 2023, Linklaters LLP had investments in the following entities:		
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 Insurance Limited	Guernsey	100%
Linklaters, S.L.P.	Spain	49.99%
Hackwood Nominees Limited	England and Wales	100%
Hackwood Secretaries Limited	England and Wales	100%
Hackwood Services Singapore (Private) Limited	Singapore	100%

At 30 April 2023, the LLP was exposed to, or had rights to, variable returns from its involvement with the following undertakings and had the ability to affect those returns through its power to direct the activities of those 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 Poland Sp. z.o.o.	Poland	-
Linklaters, Hong Kong	England and Wales/Hong Kong	-
Linklaters Company Secretarial Services Limited	Hong Kong	-
Linklaters Singapore Pte. Ltd.	Singapore	-
Linklaters Advokatbyrå Aktiebolag	Sweden	-
Linklaters Advokatbyrå Aktiebolag Holding	Sweden	-
Linklaters (Thailand) Ltd	Thailand	-
LTL Holdings Ltd	Thailand	-
Miralta Assessoria em Gestão Empresarial Ltda	Brazil	-
Linklaters & Co	Ireland	-
Hackwood Services Mexico S.C.	Mexico	-
Linklaters Law Firm (t/a Linklaters Riyadh)	Kingdom of Saudi Arabia	-

Consolidated

	Group interests £'m	**Other investments £'m**	**Total £'m**
Investments at 30 April 2021	-	0.8	0.8
Investments at 30 April 2022	-	0.8	0.8
Impairment	-	(0.7)	(0.7)
Investments at 30 April 2023	-	0.1	0.1

15. Investments (continued)

LLP

	Group interests £'m	Other investments £'m	Total £'m
Investments at 30 April 2021	91.0	0.8	91.8
Investments at 30 April 2022	91.0	0.8	91.8
Impairment	-	(0.7)	(0.7)
Investments at 30 April 2023	91.0	0.1	91.1

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

Registered addresses of the entities Linklaters LLP had investments in at 30 April 2023:

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 WTCAmsterdam, 1077XV Amsterdam, Netherlands
Linklaters (Central & Eastern Europe) B.V.	Zuidplein 180 WTCAmsterdam, 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, Chater Road, Hong Kong
Linklaters Insurance Limited	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 4ET
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 2023

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 Fatebenefratelli 14, 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 Poland Sp. z.o.o.	32nd Floor Building 22, ul. Aleja Jana Pawla II, nr 22, 00-133, Warsaw, Poland
Linklaters, Hong Kong	11th Floor, Alexandra House, Chater Road, Hong Kong
Linklaters Company Secretarial Services Limited	11th 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 Advokatbyrå Aktiebolag Holding	Regeringsgatan 67 P.O Box 7833, 103 98, Stockholm, Sweden
Linklaters (Thailand) Ltd	20th Floor Capital Tower, All Seasons Place, FL. 20 Wireless Road, Lumphini, Pathum Wan, Bangkok, Thailand
LTL Holdings Ltd	20th Floor Capital Tower, All Seasons Place, FL. 20 Wireless Road, Lumphini, Pathum Wan, Bangkok, Thailand
Miralta Assessoria em Gestao Empresarial Ltda	Avenida Horacio Lafer, 160, 6th floor, 04538-080, Itaim Bibi, Sao Paulo, SP, Brazil
Linklaters & Co	Pembroke House 28 - 32 Pembroke Street Upper Dublin D02 NT28 Ireland
Hackwood Services Mexico S.C.	Calle Lago Alberto 442 Torre A Interior 404. Col. Anahuac I Secci6n C.P. 11320 Delegaci6n Miguel Hidalgo. CDMX
Linklaters Law Firm (t/a Linklaters Riyadh)	Building S4, Riyadh Business Front, Airport Road, Riyadh 13413, Saudi Arabia

15. Investments (continued)

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 Insurance 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.

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 is a private unlimited company incorporated in England & Wales with a representative and branch office in Russia. We have wound down our operations in Russia and are in the process of closing our Russian office.

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 and has a branch providing legal services to clients in Portugal. Linklaters (Europe) Holdings is also the Holding Company (alongside an individual partner) for Linklaters Law Firm (trading as Linklaters Riyadh), which provides legal services to clients in the Kingdom of Saudi Arabia.

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

Linklaters Insurance Limited is a captive insurance vehicle. It does not provide any legal services.

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

	Consolidated		Limited Liability Partnership	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Trade receivables	514.8	476.6	399.2	342.1
Unbilled revenue	291.9	291.8	224.6	216.5
Amounts due from other group undertakings	-	-	527.0	496.5
Other receivables	15.9	24.0	16.1	11.1
Prepayments	42.5	39.7	22.6	18.9
	865.1	832.1	1,189.5	1,085.1

The amounts due to the LLP from other group undertakings are repayable on demand and are not secured. Amounts designated as loans (2023: £66.9m; 2022: £69.1m) attract interest at the base rate of the loan currency plus 2%. All other amounts are interest-free.

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 and 28.

17. Deferred tax asset

	2023 £'m	2022 £'m
Analysis of deferred tax balance:		
Capital allowances less than depreciation	1.7	3.0
Short-term timing differences	-	0.2
Deferred tax asset	1.7	3.2

	2023 £'m	2022 £'m
Reconciliation between opening and closing deferred tax balances:		
Opening deferred tax asset	3.2	4.1
Adjustment to opening balance	(0.2)	0.1
Charged to income statement	(1.3)	(1.0)
Reversal of deferred tax on defined benefit pension scheme asset	-	-
Closing deferred tax asset	1.7	3.2

The group has an unrecognised deferred tax asset at 30 April 2023 of £21.3m (2022: £19.9m), 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

	Consolidated		Limited Liability Partnership	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Cash and cash equivalents	202.8	180.3	158.2	130.2

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

19. Trade and other payables

	Consolidated		Limited Liability Partnership	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Trade payables	20.3	18.6	12.1	10.3
Amounts due to other group undertakings	-	-	833.8	747.0
Social security and other taxes	27.0	28.9	31.4	32.5
Amounts payable to former and non members	271.5	241.9	150.8	130.0
Accruals	136.1	141.5	50.9	52.9
	454.9	430.9	1,079.0	972.7

The amounts due to other group undertakings from the LLP are repayable on demand and not secured. Amounts designated as loans (2023: £101.4m; 2022: £87.3m) attract interest at the base rate of the loan currency plus 2%. All other amounts are interest-free.

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

At 30 April 2023 Linklaters LLP had committed bank facilities of £135.0m (2022: £135.0m) and uncommitted overdraft facilities of £10.0m (2022: £10.0m).

As at the balance sheet date £nil (2022: £nil) of banking facilities was drawn down and outstanding.

The committed facilities expire as follows:

	2023 £'m	2022 £'m
Within one year	-	40.0
Between two and three years	30.0	-
Between three and five years	105.0	95.0
	135.0	135.0

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 SONIA.

20. Provisions

	Consolidated				
	Post-retirement benefits including annuities £'m	**Property £'m**	**Other £'m**	**Total 2023 £'m**	**Total 2022 £'m**
At the beginning of the year	27.1	20.4	26.6	74.1	65.2
Provisions made during the year	0.3	-	12.7	13.0	22.4
Provisions utilised during the year	-	-	(0.2)	(0.2)	(1.7)
Provisions released	(1.4)	(6.8)	(20.4)	(28.6)	(11.5)
Exchange differences	0.5	-	-	0.5	(0.3)
At the end of the year	26.5	13.6	18.7	58.8	74.1

	Limited Liability Partnership				
	Post-retirement benefits including annuities £'m	**Property £'m**	**Other £'m**	**Total 2023 £'m**	**Total 2022 £'m**
At the beginning of the year	25.7	5.0	19.3	50.0	54.6
Provisions made during the year	-	-	2.3	2.3	6.2
Provisions utilised during the year	-	-	(0.2)	(0.2)	(1.9)
Provisions released	(1.4)	(0.1)	(4.3)	(5.8)	(8.6)
Exchange differences	0.3	-	-	0.3	(0.3)
At the end of the year	24.6	4.9	17.1	46.6	50.0

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 4.54% 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 £4.7m 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 costs on exiting a property lease early.

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.

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. 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.

	Consolidated		Limited Liability Partnership	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
Included in current liabilities	1.7	1.3	0.1	-
Included in non-current liabilities	57.1	72.8	46.5	50.0
	58.8	74.1	46.6	50.0

21. Total members' interests - consolidated

	Amounts due from members £'m	Members' capital classified as a liability £'m	Members' equity interests £'m	Total members' interests 2023 £'m	Total members' interests 2022 £'m
Total members' interests at the beginning of the year	(124.8)	119.4	559.9	554.5	505.5
Total comprehensive income for the year	-	-	552.5	552.5	576.0
Profit allocated to members	565.6	-	(565.6)	-	-
Transfer from amounts due to members to members' capital	(16.3)	16.3	-	-	-
Payments to and on behalf of members	(505.5)	-	-	(505.5)	(511.8)
Capital introduced	-	5.4	-	5.4	4.2
Transfer to amounts payable to former and non-members	-	(20.1)	-	(20.1)	(19.4)
Total members' interests at the end of the year	(81.0)	121.0	546.8	586.8	554.5

- Within Members' equity interests is £40.0m (2022: £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.

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 2023 £'m	Total members' interests 2022 £'m
Total members' interests at the beginning of the year	(124.8)	119.4	301.3	295.9	266.8
Total comprehensive income for the year	-	-	537.3	537.3	541.6
Profit allocated to members	563.2	-	(563.2)	-	-
Transfer from amounts due to members to members' capital	(16.3)	16.3	-	-	-
Payments to and on behalf of members	(503.1)	-	-	(503.1)	(497.3)
Capital introduced	-	5.4	-	5.4	4.2
Transfer to amounts payable to former and non-members	-	(20.1)	-	(20.1)	(19.4)
Total members' interests at the end of the year	(81.0)	121.0	275.4	315.4	295.9

- Within Members' equity interests is £40.0m (2022: £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.

23. Post-retirement benefits – pension schemes

Under the terms of the pension scheme trust, the LLP is judged to not hold the unconditional right to any remaining assets upon closure of the scheme and accordingly a £nil pension scheme position has been included in the Balance Sheet.

Total pension costs of £13.4m (2022: £12.1m) have been charged to the income statement in respect of the defined contribution pension schemes.

The LLP operates defined benefit arrangements and money purchase agreements as set out below.

Money purchase arrangements

The LLP operated money purchase schemes during the year consisting of a group pension plan for all eligible employees based in the London office and an International Pension Plan (IPP) for all eligible staff on secondment to an office outside the UK.

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

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 results of the latest funding valuation at 31 December 2020 have been adjusted to the new balance sheet date, taking account of inflation experience over the period since 31 December 2020, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation was 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 2023 for IAS 19 purposes were:

Main actuarial assumptions:

	2023 % p.a.	**2022 % p.a.**
RPI Inflation	3.2	3.6
Rate of increase to pensions in payment	3.1	3.5
Discount rate for scheme liabilities	4.9	3.1

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:

	2023	**2022**
Mortality table adopted	SAPS S2, CMI 2022 core projections with long-term rate of improvement of 1.25%	SAPS S2, CMI 2021 core projections with long-term rate of improvement of 1.25%
Life expectancy for male currently aged 65	22.2	22.4
Life expectancy for female currently aged 65	24.4	24.5
Life expectancy at 65 for male currently aged 45	23.9	24.1
Life expectancy at 65 for female currently aged 45	25.8	25.9

Notes to the financial statements (continued)
For the year ended 30 April 2023

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

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

	2023 £'m	2022 £'m
Loss on plan assets (excluding amounts included in net interest expense)	15.4	2.0
Actuarial (gains)/losses arising from changes in demographic assumptions	(0.5)	0.5
Actuarial (gains) arising from changes in financial assumptions	(14.7)	(7.3)
Actuarial losses arising from experience adjustments	1.0	1.3
Limitation of plan assets	(1.2)	3.5
	-	-

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

	2023 £'m	2022 £'m
Present value of defined benefit obligation	(49.3)	(64.9)
Fair value of plan assets	64.7	81.0
Restriction of asset to nil	(15.4)	(16.1)
	-	-

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

	2023 £'m	2022 £'m
Opening defined benefit obligation	(64.9)	(72.5)
Interest expense	(2.0)	(1.4)
Actuarial gains/(losses) arising from changes in demographic assumptions	0.5	(0.5)
Actuarial gain arising from changes in financial assumptions	14.7	7.3
Actuarial gain arising from experience adjustments	(1.0)	(1.3)
Benefits paid	3.4	3.5
Closing defined benefit obligation	(49.3)	(64.9)

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

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

	2023 £'m	2022 £'m
Opening fair value of plan assets	81.0	84.9
Interest income	2.5	1.6
Loss on plan assets (excluding amounts included in net interest expense)	(15.4)	(2.0)
Benefits paid	(3.4)	(3.5)
Closing fair value of plan assets	64.7	81.0

The assets held by the scheme were as follows:

	2023 £'m	2022 £'m
Equities	-	12.6
Property	-	4.3
Index-linked government bonds	45.6	55.2
Corporate bonds	3.1	2.6
Other	16.0	6.3
	64.7	81.0

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.

The weighted average duration of the defined benefit obligation is approximately 12 years.

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%	(1.4)
RPI Inflation	+0.25%	(1.1)
Demographic change	Increase in life expectancy by one year	(1.7)

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

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

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.

24. Post-retirement benefits – healthcare scheme

At 30 April 2023, there were 11 (2022: 14) retired employees and 4 (2022: 9) 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 net liability position of this scheme as at 30 April 2023 for the group was £0.3m (2022: £0.3m) and the LLP was £0.2m (2022: £0.2m). On the basis of materiality, and in line with the requirements of IAS19, no disclosures are presented in respect of this scheme.

25. Net cash from operating activities – consolidated

	2023 £'m	2022 £'m
Profit before taxation	588.9	616.5
Depreciation and amortisation	83.1	79.2
(Decrease)/Increase in provisions	(15.3)	8.9
Loss on sale of property, plant and equipment	0.4	0.4
Foreign exchange loss on operating activities	12.6	3.2
Net finance costs	6.8	8.3
Members' remuneration charged as an expense	(1.3)	(1.4)
Operating cash flows before movements in working capital	675.2	715.1
Increase in receivables	(29.2)	(94.3)
Increase/(decrease) in payables	21.9	(7.7)
Cash generated by operations	667.9	613.1
Corporation taxation paid	(35.8)	(38.6)
Net cash from operating activities	632.1	574.5

26. Net cash from operating activities – Limited Liability Partnership

	2023 £'m	2022 £'m
Profit before taxation	562.8	572.2
Depreciation and amortisation	33.3	30.3
Decrease in provisions	(3.4)	(4.6)
Loss on sale of property, plant and equipment	0.3	0.4
Foreign exchange loss on operating activities	17.0	4.3
Net finance costs	3.8	4.8
Members' remuneration charged as an expense	(0.4)	(0.4)
Operating cash flows before movement in working capital	613.4	607.0
Increase in receivables	(102.4)	(54.9)
Increase/(decrease) in payables	100.3	(25.1)
Cash generated by operations	611.3	527.0
Corporation taxation paid	(25.5)	(29.8)
Net cash from operating activities	585.8	497.2

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.

	2023 £'m	2022 £'m
Financial assets		
Trade receivables	514.8	476.6
Unbilled revenue	291.9	291.8
Amounts due from Members	81.0	124.8
Cash at bank and in hand	202.8	180.3
Financial assets at fair value through income statement	0.1	0.8
	1,090.6	1,074.3
Financial liabilities		
Trade and other current payables excluding accruals and deferred income	318.8	289.4
Members' capital classified as a liability	121.0	119.4
Current provisions to be settled by cash	1.7	1.3
	441.5	410.1

Linklaters hold £0.1m (2022: £0.8m) unlisted equity investments for which the firm has not elected to recognise fair value gains and losses through other comprehensive income. During the year £0.7m (2022: £nil) of 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 (2023: £48.4m; 2022: £51.9m) and leases (the maturity of payments for leases is disclosed in note 12), all fall due within 12 months of 30 April 2023. 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.

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 trade receivables 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.

	2023 Loss rates	2022 Loss rates	2023 £'m	2022 £'m
Amounts due:				
< 30 days old	1.4%	1.5%	297.1	263.1
31 - 60 days old	3.1%	3.1%	96.5	96.0
61 - 90 days old	5.2%	5.3%	50.7	49.8
91 - 120 days old	7.8%	8.0%	16.0	20.9
121- 180 days old	10.5%	11.0%	33.1	30.7
> 181 days old	18.4%	19.3%	44.0	38.0
Trade receivables			537.4	498.5
Loss allowance			(22.6)	(21.9)
Trade receivables net of allowance			514.8	476.6

27. Financial assets and liabilities (continued)

Movements in the loss allowance were as follows:

	2023 £'m	2022 £'m
Balance at the beginning of the year	21.9	16.0
Provisions made during the year	13.3	16.2
Amounts utilised during the year	(3.6)	(2.0)
Unused amounts reversed during the year	(8.3)	(7.6)
Foreign currency translation	(0.7)	(0.7)
Balance at the end of the year	22.6	21.9

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 36 months before 30 April 2023 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% (2022: 0.1%) against unbilled revenue after specific provisions. This results in a net ECL provision against unbilled revenue of £0.6m (2022: £0.3m).

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

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:

	2023 £'m	2022 £'m
Financial assets		
Sterling	523.6	485.5
Euros	317.6	327.5
US Dollars	146.2	141.8
Other	103.2	119.5
	1,090.6	1,074.3
Financial liabilities		
Sterling	250.3	241.3
Euros	67.3	60.9
US Dollars	94.1	78.9
Other	29.8	29.0
	441.5	410.1

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:

	2023 Average rate	2023 Closing rate	2022 Average rate	2022 Closing rate
US Dollars/£	1.20	1.26	1.36	1.26
Euro/£	1.16	1.14	1.18	1.19

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.

	2023 Net assets £'m	2023 Profit £'m	2022 Net assets £'m	2022 Profit £'m
Sterling 10% weaker relative to US Dollars	5.8	(2.9)	7.0	(2.5)
Sterling 10% weaker relative to Euro	27.8	25.5	29.6	23.9
Sterling 10% stronger relative to US Dollars	(4.7)	3.0	(5.7)	2.0
Sterling 10% stronger relative to Euro	(22.8)	(20.9)	(24.2)	(19.6)

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.

	2023 £'m	2022 £'m
Financial assets		
Trade receivables	399.2	342.1
Unbilled revenue	224.6	216.5
Amounts due from group undertakings	527.0	496.5
Amounts due from members	81.0	124.8
Cash at bank and in hand	158.2	130.2
Financial assets at fair value through income statement	0.1	0.8
	1,390.1	1,310.9
Financial liabilities		
Trade and other current payables excluding accruals and deferred income	1,028.1	919.8
Members' capital classified as a liability	121.0	119.4
	1,149.1	1,039.2

The LLP hold £0.1m (2022: £0.8m) 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 £0.7m (2022: £nil) of 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.

The LLP's financial liabilities, excluding the Members' capital classified as a non-current liability (2023: £72.7m; 2022: £67.5m) and leases (the maturity of payments for leases is disclosed in note 13), all fall due within 12 months of 30 April 2023. 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.

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

Trade receivables and unbilled revenue

The ageing of the LLP trade receivables 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.

	2023 Loss rates	2022 Loss rates	2023 £'m	2022 £'m
Amounts due:				
< 30 days old	0.6%	0.6%	237.4	198.8
31 - 60 days old	1.4%	1.4%	77.5	66.1
61 - 90 days old	2.6%	2.6%	41.5	34.2
91 - 120 days old	4.3%	4.1%	13.5	13.8
121- 180 days old	6.1%	5.9%	22.6	12.2
> 181 days old	11.3%	10.1%	13.9	23.7
Trade receivables			406.4	348.8
Loss allowance			(7.2)	(6.7)
Trade receivables net of allowance			399.2	342.1

Movements in the loss allowance for were as follows:

	2023 £'m	2022 £'m
Balance at the beginning of the year	6.7	8.5
Provisions made during the year	4.7	4.8
Amounts utilised during the year	(0.7)	(0.7)
Unused amounts reversed during the year	(3.4)	(5.9)
Foreign currency translation	(0.1)	-
Balance at the end of the year	7.2	6.7

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. For amounts due from group undertakings the same credit loss method is used as with client receivables resulting in a loss allowance of £17.1m (2022: £19.0m).

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 April 2023 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.

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

The LLP has applied an ECL provision matrix with a loss rate of 0.1% (2022: 0.1%) against unbilled revenue after specific provisions. This results in a net ECL provision against unbilled revenue of £0.1m (2022: £0.1m).

For low credit risk items included in amounts owed by group undertakings, the 12 month ECL model has been applied, but where the credit risk is not low a lifetime ECL model has been applied.

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:

	2023 £'m	2022 £'m
Financial assets		
Sterling	875.6	840.8
Euros	322.3	290.3
US Dollars	101.8	89.6
Other	90.4	90.2
	1,390.1	1,310.9
Financial liabilities		
Sterling	977.5	883.7
Euros	48.1	41.0
US Dollars	60.6	52.7
Other	62.9	61.8
	1,149.1	1,039.2

29. Net debt reconciliation – consolidated

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

	Restated Net debt as at 1 May 2021 £'m	Restated Cash flows £'m	Additions to lease liabilities £'m	Foreign exchange adjustment £'m	Restated Other non-cash movement £'m	Restated Net debt as at 30 April 2022 £'m
Liabilities from Financing Activities						
Leases	(319.1)	64.5	(57.6)	(8.2)	(9.2)	(329.6)
Members' capital classified as a liability	(113.5)	15.2	-	-	(21.1)	(119.4)
Capital balances held with non-members (liability)	(53.9)	1.3	-	-	(8.5)	(61.1)
Other Assets						
Amount due from members	133.1	511.8	-	-	(520.1)	124.8
Total £'m	(353.4)	592.8	(57.6)	(8.2)	(558.9)	(385.3)

	Net debt as at 1 May 2022 £'m	Cash flows £'m	Additions to lease liabilities £'m	Foreign exchange adjustment £'m	Other non-cash movement £'m	Net debt as at 30 April 2023 £'m
Liabilities from Financing Activities						
Leases	(329.6)	67.1	(36.7)	(6.4)	(10.6)	(316.2)
Members' capital classified as a liability	(119.4)	14.7	-	-	(16.3)	(121.0)
Capital balances held with non-members (liability)	(61.1)	8.2	-	-	(9.4)	(62.3)
Other Assets						
Amount due from members	124.8	505.5	-	-	(549.3)	81.0
Total £'m	(385.3)	595.5	(36.7)	(6.4)	(585.6)	(418.5)

Capital balances held with non-members (liability) is a component of the liability balance within "Amounts payable to former and non members" in note 19.

The net debt positions as at 1 May 2021 and 30 April 2022, including in year reconciling amounts, have been restated to align with the balances and related cash flow movements of the firm's financing activities.

Notes to the financial statements (continued)
For the year ended 30 April 2023

30. Net debt reconciliation – Limited Liability Partnership

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

	Restated Net debt as at 1 May 2021 £'m	Restated Cash flows £'m	Additions to lease liabilities £'m	Foreign exchange adjustment £'m	Restated Other non-cash movement £'m	Restated Net debts as at 30 April 2022 £'m
Liabilities from Financing Activities						
Leases	(189.2)	28.6	(3.0)	(9.4)	(5.3)	(178.3)
Members' capital classified as a liability	(113.5)	15.2	-	-	(21.1)	(119.4)
Capital balances held with non-members (liability)	(53.9)	1.3	-	-	(8.5)	(61.1)
Other Assets						
Amount due from members	133.1	497.3	-	-	(505.6)	124.8
Total £'m	(223.5)	542.4	(3.0)	(9.4)	(540.5)	(234.0)

	Net debt as at 1 May 2022 £'m	Cash flows £'m	Additions to lease liabilities £'m	Foreign exchange adjustment £'m	Other non-cash movement £'m	Net debts as at 30 April 2023 £'m
Liabilities from Financing Activities						
Leases	(178.3)	32.0	(20.9)	(11.0)	(7.1)	(185.3)
Members' capital classified as a liability	(119.4)	14.7	-	-	(16.3)	(121.0)
Capital balances held with non-members (liability)	(61.1)	8.2	-	-	(9.4)	(62.3)
Other Assets						
Amount due from members	124.8	503.1	-	-	(546.9)	81.0
Total £'m	(234.0)	558.0	(20.9)	(11.0)	(579.7)	(287.6)

Capital balances held with non-members (liability) is a component of the liability balance within "Amounts payable to former and non members" in note 19.

The net debt positions as at 1 May 2021 and 30 April 2022, including in year reconciling amounts, have been restated to align with the balances and related cash flow movements of the firm's financing activities.

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 services from Linklaters Business Services. For the year ended 30 April 2023 there was a provision of administrative support to Linklaters LLP of £52.7m (2022: £45.1m). Linklaters LLP also purchased and received, and sold and provided legal services from other subsidiary undertakings. For the year ended 30 April 2023, there was net provision of services to Linklaters LLP of £22.9m (2022: £39.8m). 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 Chair of the Partnership Board totalling 14.5 people (2022: 13.0 people), who are the key management personnel of the firm, in respect of the financial year amounted to £30.7m (2022: £26.6m).