

Registration No. 08891578

**Hogan Lovells Services
(South Africa) Limited
Annual Report & Financial Statements**

For the year ended 31 December 2021

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Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

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Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

Officers and professional advisers

Directors: Susan Bright (Resigned 22 January 2021)
Darren Mitchell (Resigned 15 June 2021)
Michael Davison
Penelope Angell (Appointed 22 January 2021)

Company Secretary: Sisec Limited

Registered office: 21 Holborn Viaduct
London EC1A 2DY
United Kingdom

Auditor: Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities and business review

The company is a limited company, registered in England and Wales. The principal activity of the company is as a service company.

The results for the year are set out in the Income statement on page 11 and the financial position in the balance sheet on page 12. During the year turnover was £5,738,000 (2020: £6,002,000). Net assets as at 31 December 2021 were £158,000 (2020: £248,000).

Given that the company is solely engaged in the supply of services, the company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

Management do not consider there to be any further principal risks other than those relating to financial risk management and other risks, which are managed on a group basis.

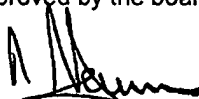
Financial risk management objectives and policies

The Company's principal assets are debtors however almost all debtors are with other members of the Hogan Lovells International LLP group. Therefore, the directors believe there is no significant credit risk arising from these.

Other risks and uncertainties

Other risks are managed on a group basis and further details of the Group's risk management objectives and policies can be found in the group financial statements, note 27 of Hogan Lovells International LLP, which do not form part of this report.

Approved by the board of directors and signed on behalf of the board by:



Michael Davison
Director
Atlantic House, Holborn Viaduct, London, EC1A 2FG, United Kingdom

Date: 29 September 2022

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic Report on page 4 and form part of this report by cross-reference.

Employee involvement

A weekly bulletin is distributed to all employees on a regular basis to keep them informed of matters of concern to them.

Employment of disabled persons

The company gives full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. Appropriate training is arranged for disabled employees, including retraining for alternative work of employees who become disabled, to promote their career development within the company.

Charitable and political donations

During the year, the company made no charitable donations (2020: £321).

Directors

The present membership of the Board is set out on page 3. All the directors served throughout and since the year unless otherwise stated.

Going concern

The COVID-19 pandemic has had a significant impact on the Global economy. The company is solely engaged in the supply of services which have been largely unaffected by the pandemic in 2021.

The company meets its day-to-day funding requirements through cash generated from the provision of services to its ultimate parent entity Hogan Lovells International LLP. Hogan Lovells International LLP has produced forecasts and cash flow projections, that have also been sensitised to reflect potential declines in revenue in the latter part of 2022 and into 2023. These demonstrate the Group has sufficient funding to enable the Group to continue to meet its obligations as they fall due.

After considering possible changes to trading performance and other longer-term plans, the Directors, after making enquiries, have a reasonable expectation that the Company will receive adequate support to continue in operational existence for the foreseeable future. Accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements. The functional currency of the entity is GBP.

Future developments

The directors consider that the company's level of business and the year-end financial position were satisfactory, and that the present level of activity will be sustained for the foreseeable future.

Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

Directors' report (continued)

Dividends

The directors recommend the payment of a dividend of £158,000 (2020: £248,000).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

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

Approved by the Board of Directors and signed on behalf of the Board by:



Michael Davison
Director
Atlantic House, Holborn Viaduct, London, EC1A 2FG, United Kingdom

Date: 29 September 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Hogan Lovells Services (South Africa) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Hogan Lovells Services (South Africa) Limited:

- give a true and fair view of the state of the company's affairs as 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditor's report to the members of Hogan Lovells Services (South Africa) Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

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

Independent auditor's report to the members of Hogan Lovells Services (South Africa) Limited (continued)

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

21 September 2022

Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

Income statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	5,738	6,002
Other operating income		1,105	654
Staff costs	6	(4,432)	(3,872)
Depreciation and amortisation	10	(575)	(657)
Depreciation - Right-of-use asset	11	(757)	(730)
Other operating expenses		<u>(161)</u>	<u>(471)</u>
Operating profit	5	918	926
Finance expenses	8	<u>(645)</u>	<u>(641)</u>
Profit before taxation		273	285
Taxation	9	<u>(115)</u>	<u>(37)</u>
Profit after taxation		<u>158</u>	<u>248</u>

All amounts are derived from continuing operations. There have been no items of other comprehensive income than the profit for the current year and preceding year. Accordingly, no statement of comprehensive income is presented.

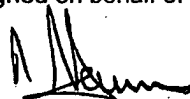
Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

Balance sheet
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	687	5
Right-of-use assets	11	5,546	6,739
		6,233	7,904
Current assets			
Cash and cash equivalents		179	211
Other receivables and prepaid expenses		136	137
Amounts owed from group undertakings	2	1,420	655
		1,735	1,003
Total assets		7,968	8,907
Liabilities			
Current liabilities			
Trade payables		212	211
Accruals		539	599
Lease liabilities	12	409	315
Corporation tax creditor		195	164
		1,355	1,289
Non-current liabilities			
Lease liabilities	12	6,455	7,370
Equity			
Share capital	13	-	-
Retained earnings		158	248
Total liabilities and equity		7,968	8,907

The financial statements of Hogan Lovells Services (South Africa) Limited, registered number 08891578 were approved by the Board of Directors on 29 September 2022.

Signed on behalf of the Board of Directors.



Michael Davison
 Director
 Atlantic House, Holborn Viaduct, London, EC1A 2FG, United Kingdom

Hogan Lovells Services (South Africa) Limited
Year ended 31 December 2021

Statement of changes in equity
For the year ended 31 December 2021

	Note	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020		-	244	244
Dividends	14	-	(244)	(244)
Profit for the financial year		-	248	248
Balance at 31 December 2020		-	248	248
Dividends	14	-	(248)	(248)
Profit for the financial year		-	158	158
Balance at 31 December 2021		-	158	158

Notes to the financial statements

1. General information

Hogan Lovells Services (South Africa) Limited is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The company is registered in England and Wales. The address of the company's registered office is shown on page 3. The nature of the company's operations and its principal activities are set out in the strategic report on page 4.

2. Accounting policies

The principal accounting policies adopted are described below. They have all been applied consistently throughout the current and previous year.

Basis of preparation

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with applicable United Kingdom accounting standards and the requirements of the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of certain disclosure exemptions available under that standard and in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, and wholly owned related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Hogan Lovells International LLP. Copies can be found as per note 17.

The functional currency of the firm is considered to be ZAR because it is the currency of the primary economic environment in which the firm operates. Pounds Sterling has been chosen as the presentational currency as it is the functional currency of the parent group.

Going concern

The COVID-19 pandemic has had a significant impact on the Global economy. The company is solely engaged in the supply of services which have been largely unaffected by the pandemic in 2021.

The company meets its day-to-day funding requirements through cash generated from the provision of services to its ultimate parent entity Hogan Lovells International LLP. Hogan Lovells International LLP has produced forecasts and cash flow projections, that have also been sensitised to reflect potential declines in revenue in the latter part of 2022 and into 2023. These demonstrate the Group has sufficient funding to enable the Group to continue to meet its obligations as they fall due.

After considering possible changes to trading performance and other longer-term plans, the Directors, after making enquiries, have a reasonable expectation that the Company will receive adequate support to continue in operational existence for the foreseeable future. Accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Revenue

Revenue consists of fees chargeable for the provision of services during the financial year to Hogan Lovells International LLP, the ultimate controlling party, excluding value added tax. Revenue is recognised when the relevant services are performed. All turnover is derived in South Africa.

Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and any impairment loss. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Depreciation is provided to write off the cost less the estimated residual value of property, plant & equipment by equal instalments over the estimated useful economic lives as follows:

Buildings	5 years
Computer equipment	3 years
Fixtures and fittings	5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments.

Impairment of tangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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. An impairment loss is recognised as an expense immediately.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Pensions

Hogan Lovells International LLP operates on behalf of Hogan Lovells Services a defined benefit scheme and two defined contribution schemes. Hogan Lovells International LLP manages the obligations relating to these schemes and levies an annual management fee to the company for these services. The management fee represents the level of contributions due under the defined benefit scheme, as calculated by a professionally qualified, independent actuary and the amounts due to the defined contribution schemes according to those schemes' rules. The full disclosures can be found in the Hogan Lovells International LLP consolidated financial statements.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Client receivables and trade payables

Client receivables are initially recognised at fair value, and are subsequently reduced for estimated irrecoverable amounts.

Trade payables are initially measured at fair value, and are subsequently reduced for discounts given by suppliers.

Amounts owed to group undertakings are unsecured, repayable on demand and do not attract interest.

Notes to the Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation

In the application of the accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

When applicable, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors are of the opinion there are no critical accounting judgements or key sources of estimation uncertainty.

Foreign exchange

Transactions denominated in currencies other than the entity's functional currency, which is ZAR, are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities which are not denominated in the functional currency of the entity at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account. Differences arising on the translation of opening net assets and the results for the year from the functional currency to sterling, which is the presentational currency, are accounted for in the statement of comprehensive income.

4. Auditor's remuneration

The results are stated after charging auditor's remuneration of £9,987 (2020: £7,433) for the audit of the financial statements. No amounts were charged in respect of other services provided by the auditor, in either the current or previous year.

Notes to the Financial Statements (continued)

5. Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/ (crediting):		
Depreciation	575	657
Depreciation – Right-of-use	757	730
Net foreign exchange (gain) / loss	(7)	39
Fees payable to Deloitte LLP for the audit of the LLP financial statements	10	7

6. Staff costs

	2021 £'000	2020 £'000
The costs incurred in respect of employees were:		
Wages and salaries	3,927	3,386
Social security costs	57	37
Pension costs	273	238
Other costs	175	211
	4,432	3,872

The average number of persons employed by the company during the year was 174 (2020: 171) all of whom were engaged in the provision of services. The services are to the group, Hogan Lovells International LLP, but the persons are remunerated in this company. It is not possible to split their time and work across entities.

7. Directors' remuneration and transactions

During their period in office none of the directors received any remuneration during the current or preceding year for their services to the company.

The directors include members of Hogan-Lovells International LLP. During the year the company charged fees of £5,738,000 (2020: £6,002,000) for the provision of services to Hogan Lovells International LLP.

8. Finance expense

	2021 £'000	2020 £'000
Interest on lease liabilities	642	641
Interest paid	3	-
Total interest expense for financial liabilities	645	641

Notes to the Financial Statements (continued)

9. Tax on profit on ordinary activities

	2021 £'000	2020 £'000
Corporation tax:		
UK corporation tax charge	30	54
Double tax relief	(30)	(54)
Foreign tax	113	80
Adjustments in respect of prior years		
- Foreign tax	2	(43)
Total tax charge	115	37

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit in the income statement as follows:

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	158	285
Effective Tax rate at 19% (2020: 19%)	30	54
Effect of different tax rates of operations in other jurisdictions	83	26
Adjustment in respect of prior years	2	(43)
Total tax charge	115	37

In the UK Budget on 3 March 2021, the Chancellor of the Exchequer announced an increase in the UK corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023.

Notes to the Financial Statements (continued)

10	Property, plant & equipment	Land and buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
	Cost				
	At 1 January 2021	1,217	1,691	515	3,423
	Additions	7	90	-	97
	At 31 December 2021	1,224	1,781	515	3,520
	Depreciation				
	At 1 January 2021	611	1,187	460	2,258
	Charge for the year	220	323	32	575
	At 31 December 2021	831	1,510	492	2,833
	Net book value				
	At 31 December 2021	393	271	23	687
	At 31 December 2020	606	504	55	1,165

11. Leases (as a lessee)

Right-of-use asset	Buildings £'000	Total £'000
Cost		
At 1 January 2021	7,970	7,970
Currency translation adjustment	(391)	(391)
At 31 December 2021	7,579	7,579
Accumulated depreciation		
At 1 January 2021	1,231	1,231
Currency translation adjustment	45	45
Charge for the year	757	757
At 31 December 2021	2,033	2,033
Carrying amount		
At 31 December 2021	5,546	5,546
At 31 December 2020	6,739	6,739

The Company leases buildings. The average lease term is 11.9 years (2020: 11.9 years).

The maturity analysis of lease liabilities is presented in note 12.

Notes to the Financial Statements (continued)

11. Leases (as a Lessee) (continued)

	2021	2020
	£'000	£'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	757	730
Interest expense on lease liabilities	642	641

At 31 December 2021, the Company is committed to no short-term leases.

12. Leases liability

	2021	2020
	£'000	£'000
At 1 January	7,685	8,419
Additions	-	163
Lease payments	(934)	(837)
Interest	642	641
Currency translation adjustment	(529)	(701)
At 31 December	6,864	7,685

	2021	2020
	£'000	£'000
Analysed as:		
Non-current	6,455	7,370
Current	409	315
	6,864	7,685

Notes to the Financial Statements (continued)

12. Leases liability (continued)

	2021 £'000	2020 £'000
Maturity analysis		
Year 1	944	946
Year 2	1,015	1,017
Year 3	1,091	1,093
Year 4	1,173	1,175
Year 5	1,263	1,263
Onwards	4,288	5,974
	<u>9,774</u>	<u>11,468</u>
Less: future finance expenses	(2,910)	(3,783)
Present value of lease payments	<u>6,864</u>	<u>7,685</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities.

13. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid:		
One Ordinary share of £1 each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry no right to fixed income.

14. Dividends

On 29 September 2021, the 2020 dividend of £248,000 per share (total dividend £248,000) was paid (2020: £244,000).

In respect of the current year the directors recommend the payment of a dividend of £158,000.

Notes to the Financial Statements (continued)

15. Operating lease

At 31 December 2021 the company had commitments for future minimum lease payments under an operating lease, which falls due as follows:

	Land and buildings	
	2021 £'000	2020 £'000
Within one year	1	-
	<u>1</u>	<u>-</u>

16. Capital commitments

At the year-end the company had contracted to spend on capital expenditure costs and associated professional fees of £384,000 (2020: £nil). These amounts were provided for in the financial statements.

17. Controlling party

The company is controlled by Hogan Lovells International LLP. Its registered office from which the consolidated financial statements are available is Atlantic House, Holborn Viaduct, London EC1A 2FG. Hogan Lovells International LLP is the immediate and ultimate parent undertaking and is the head of the only group including Hogan Lovells Services (South Africa) Limited which prepares consolidated financial statements.