

LLP number OC307988

O'Melveny & Myers LLP
Annual report and financial statements
for the year ended 31 January 2008

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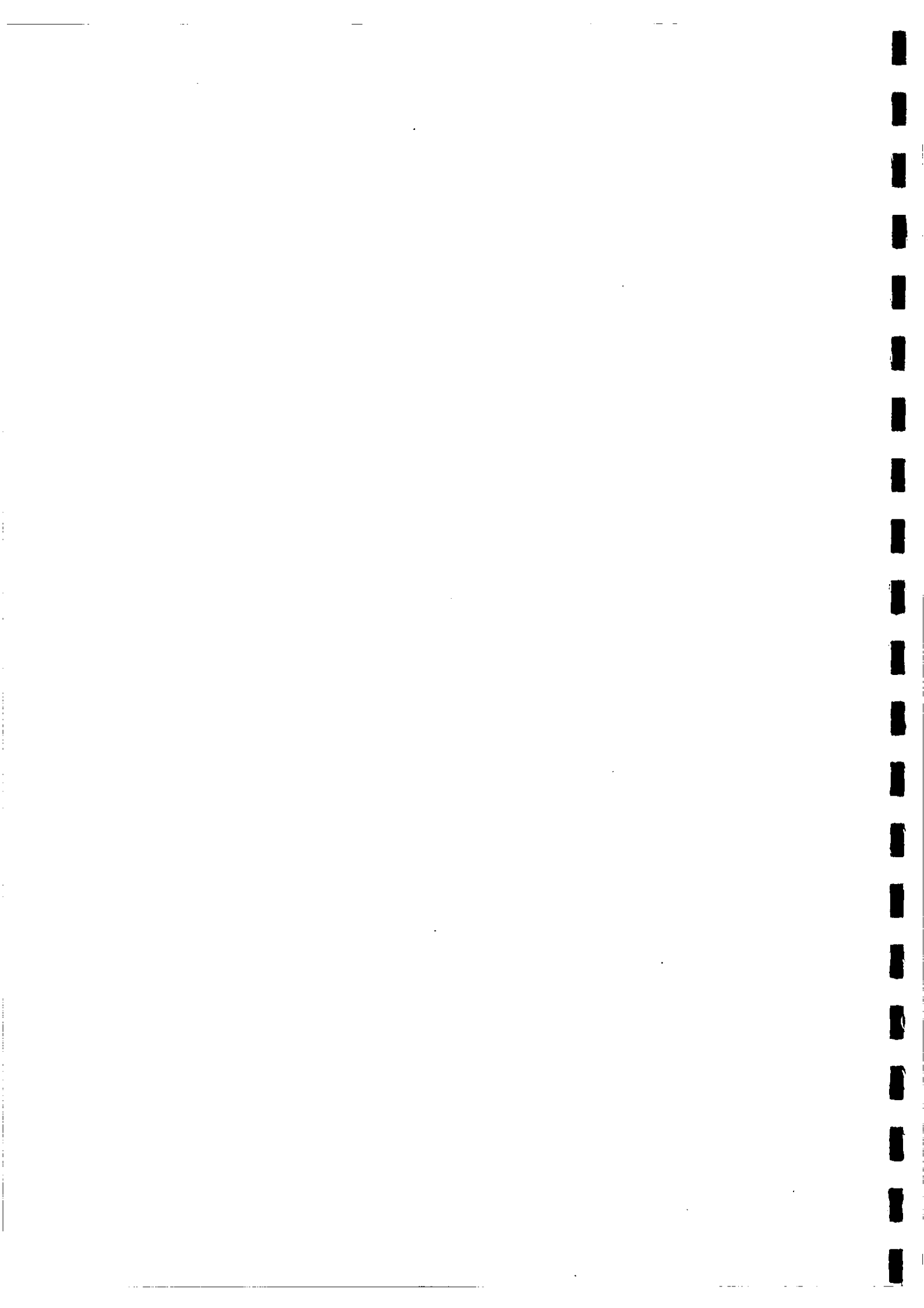
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O'Melveny & Myers LLP
Annual report and financial statements
for the year ended 31 January 2008
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Auditors
PricewaterhouseCoopers LLP
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O'Melveny & Myers LLP

Report to the members for the year ended 31 January 2008

The Management Committee of O'Melveny & Myers LLP ("the LLP") presents this report on behalf of the members together with the audited financial statements of the LLP for the year ended 31 January 2008.

Firm structure

The LLP has been established to carry on the practice of law as a Limited Liability Partnership in the United Kingdom in accordance with the applicable professional regulations. It is a condition of admission as a member of the LLP that such a member shall also be a member of the LLP's associated US firm, also called O'Melveny & Myers LLP ("the US LLP"), which is a Limited Liability Partnership organised and existing under the laws of the State of California.

Principal activities

The principal activities of the LLP comprise the provision of professional legal advisory services. It operates in association with the US LLP referred to above in the following offices: Beijing, Brussels, Century City, Hong Kong, Los Angeles, Newport Beach, New York, San Francisco, Shanghai, Singapore, Silicon Valley, Tokyo and Washington D.C..

Designated members

The designated members (as defined in the Limited Liability LLP Act 2000) of the LLP during the year were John D. Daghljan, Matthew D. J. Hudson (resigned 3rd September 2007), Christopher Ashworth (appointed 3rd September 2007 and resigned 1st May 2008) and Solomon Wifa (appointed 1st May 2008).

Members' subscription and repayment of members' capital

Under the terms of the Members' Agreement relating to the LLP, the members of the LLP can be required to make capital contributions to the LLP as determined from time to time by the Management Committee. It is intended that any member's capital so contributed will be repayable to the contributing member within 30 days following the date on which that member ceases to be a member of the LLP. Members' capital is classified within the accounts as a liability.

In the event of a winding up, loans and debts due to members would rank behind unsecured creditors.

Allocation of profits and losses and drawings

Members can be remunerated out of the profits of the LLP (and can also be remunerated separately from the profits of the associated US LLP in their capacity as members in that firm) and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between the members after finalisation of the financial statements. Certain members, as designated from time to time in a separate agreement between such members and the US LLP, hold such portion of the interest allocated to them in the profits of the LLP for the benefit of the members' of the US LLP. Members' profit shares will normally comprise:

- a base component, reflecting the role and seniority of each member;
- an allocation of residual profits not retained for future investment in the business.

O'Melveny & Myers LLP

Where allocations of profits are made to members, to the extent that there is insufficient cash in the business to fund the distributions from the LLP, the US LLP by agreement with the members will provide the required funding consistent with such allocations.

Creditor payment policy

The LLP does not follow a specific standard or code for the payment of creditors. It agrees payment terms with its suppliers when it enters into purchase contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions.

Auditors

So far as the Management Committee is aware, there is no relevant audit information of which the firm's auditors are unaware. The Management Committee members have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of this information.

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment.

Members' responsibility statement

The Companies Act 1985, as applied to limited liability partnerships, requires the members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing those financial statements the members are required to:

- select suitable accounting policies and then apply them consistently, subject to any changes disclosed and explained in the financial statements,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the LLP will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The members are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 1985, as applied to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are fulfilled by the Management Committee on behalf of the members. The Management Committee confirms that, to the best of its knowledge, it has complied with the above requirements in preparing the financial statements.

On behalf of the Management Committee

John Daghlia
Designated Member

28/11

2008



O'Melveny & Myers LLP

Independent auditors' report to the members of O'Melveny & Myers LLP

We have audited the financial statements of O'Melveny & Myers LLP for the year ended 31 January 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the members of the partnership in accordance with the Companies Act 1985 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, as applied to limited liability partnerships. We also report to you if, in our opinion, the limited liability partnership has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Members' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

O'Melveny & Myers LLP

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the LLP's affairs as at 31 January 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the provisions of the Limited Liability Partnerships Regulation 2001 made under the Limited Liability Partnerships Act 2000;
- the information given in the Members' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
London

26 November 2008

O'Melveny & Myers LLP

Profit and loss account for the year ended 31 January 2008

	Note	2008 £	2007 £
Turnover	2	16,766,471	14,723,095
Operating costs			
Staff costs	3	(7,348,151)	(7,080,807)
Depreciation and other amounts written off tangible fixed assets	4	(521,827)	(516,355)
Other operating charges		(5,120,185)	(4,379,994)
		(12,990,163)	(11,977,156)
Operating profit	4	3,776,308	2,745,939
Net interest payable	5	(36,324)	(59,009)
Profit for the financial year available for discretionary division among members		3,739,984	2,686,930

All items dealt with in arriving at operating profit above relate to continuing operations.

The limited liability partnership has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

O'Melveny & Myers LLP

Balance sheet as at 31 January 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	7	2,390,196	2,666,038
Current assets			
Debtors receivable within one year	8	6,503,061	4,779,280
Cash at bank and in hand		324,235	884,931
		6,827,296	5,664,211
Creditors – amounts falling due within one year	9	(2,092,483)	(2,296,788)
Net current assets		4,734,813	3,367,423
Total assets less current liabilities		7,125,009	6,033,461
Creditors – amounts falling due after more than one year	10	(2,403,928)	(5,322,889)
Provisions for liabilities and charges	11	(183,333)	(133,333)
Net assets		4,537,748	577,239
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS25	13	59,650	45,000
Equity			
Other reserves	13	4,478,098	532,239
Members' other interests		4,537,748	577,239
Total members' interest			
Members' capital	13	59,650	45,000
Members' other interests	13	4,478,098	532,239
Members' other interests		4,537,748	577,239

25 The financial statements on pages 7 to 18 were approved by the Management Committee on November 2008 and were signed on behalf of the members of O'Melveny & Myers LLP by:

John Daghlion
Designated Member



O'Melveny & Myers LLP

Cash flow statement for the year ended 31 January 2008

	Note	2008	2007
		£	£
Net cash (outflow)/ inflow from operating activities	14	(339,324)	822,327
Returns on investment and servicing of finance	15	(36,324)	(59,009)
Capital expenditure and financial investment	15	(199,698)	(125,949)
Transactions with members	15	14,650	(5,000)
Net funds at beginning of year	16	884,931	252,562
Increase in cash in the year		560,696	632,369
Net funds at end of year		324,235	884,931

O'Melveny & Myers LLP

Notes to the financial statements for the year ended 31 January 2008

1 Accounting policies

Basis of preparation

The Financial Statements have been prepared in accordance with the applicable United Kingdom accounting standards including the Revised Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships and under historical cost convention. The policies have remained unchanged from the previous year.

Going concern

The Management Committee considers that the financial resources available to the business from the US LLP are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing these financial statements.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates prevailing at that date. Translation differences are included in the profit and loss account. Where there are long term funding balances denominated in foreign currencies, these are retranslated annually with any exchange gain being taken to reserves.

Turnover

Turnover represents amounts chargeable to clients for professional services provided during the year, inclusive of direct expenses incurred but excluding value added tax. Revenue is recognised for all work performed in the year where the recoverability of the consideration can be assessed with reasonable certainty except where the consideration is contingent. Where revenue cannot be assessed with reasonable certainty or is contingent on a future event, no turnover is recognised.

Unbilled turnover on individual client assignments, or revenue recognised in excess of payments received on account, is included in accrued income within debtors.

Taxation

The taxation payable on the partnership profits is the personal liability of the members during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements.

O'Melveny & Myers LLP

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, including incidental costs of acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the following estimated economic lives:

Software	5 years
Furniture and fixtures	7 years
Office art	7 years
Office machines and equipment	5 years
Library	5 years
Architectural fees/leasehold improvements	10 years

Retirement benefits

O'Melveny & Myers LLP operates a defined contribution pension scheme for staff. Contributions are charged to the profit and loss account when they become payable.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line method.

Dilapidation provision

Costs in respect of dilapidation repairs payable on the expiry of property leases, are provided for spread over the period of the tenancy, based on a reliable estimate of the future liability.

Allocation of profits and losses and drawings

Members can be remunerated out of the profits of the LLP (and can also be remunerated separately from the profits of the associated US LLP in their capacity as members in that firm) and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between the members after finalisation of the financial statements. Certain members, as designated from time to time in a separate agreement between such members and the US LLP, hold such portion of the interest allocated to them in the profits of the LLP for the benefit of the members' of the US LLP. Members' profit shares will normally comprise:

- a base component, reflecting the role and seniority of each member;
- an allocation of residual profits not retained for future investment in the business.

Where allocations of profits are made to members, to the extent that there is insufficient cash in the business to fund the distributions from the LLP, the US LLP by agreement with the members will provide the required funding consistent with such allocations.

Unallocated profits and losses are included in other reserves within members' other interests. There were no drawings in the period covered by these financial statements.

O'Melveny & Myers LLP

2 Turnover

Fee income comprises amounts rendered (excluding VAT) and movements in accrued revenue in respect of the provision of services completed for clients during the period.

3 Employees

Employees	2008 £	2007 £
Salaries	5,972,595	5,837,044
Social security costs	704,430	711,820
Other benefits (including pension costs)	671,126	531,943
	7,348,151	7,080,807
Retirement benefits	2008 £	2007 £
Defined contribution scheme – amount outstanding as at balance sheet date	-	33,362

The average monthly number of persons employed by the firm during the year was:

By activity	2008	2007
Assistants	27	31
Trainees	6	2
Paralegals	-	3
Secretaries	18	17
Support staff	15	12
	66	65

O'Melveny & Myers LLP

4 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets (see below)	521,827	516,355
Operating lease rentals – land and buildings	961,603	961,603
Fees payable to PricewaterhouseCoopers LLP for:		
– audit of the LLP's annual accounts	34,750	33,000
– tax services	5,800	7,360

A charge for depreciation from the US LLP of £46,288 (2007: £54,139) is included in the above amount.

5 Net interest payable

	2008	2007
	£	£
Interest payable	(36,340)	(59,009)
Interest receivable	16	-
	(36,324)	(59,009)

6 Members' profit shares

The basis on which profits are shared out among members is set out in note 1. The average monthly number of members during the year was 10 (2007: 11).

	2008	2007
	£	£
The average profit per member is calculated by dividing the profit for the financial year by the average number of members	373,998	244,266
Unallocated profits	3,739,984	2,686,930

Profits have not been allocated at the time of the financial statements being prepared. Allocation of these profits may include an allocation to certain members who will hold them for the benefit of the members of the US LLP as noted in Note 1 (Allocation of profits) and some allocated directly to UK resident members.

O'Melveny & Myers LLP

7 Tangible assets

	Office equipment	Fixtures and fittings	Leasehold property	Total
	£	£	£	£
Cost				
At 1 February 2007	563,829	692,462	2,587,530	3,843,821
Additions	77,807	84,171	37,720	199,698
At 31 January 2008	641,636	776,633	2,625,250	4,043,519
Depreciation				
At 1 February 2007	255,797	232,651	689,335	1,177,783
Charge for the year	111,364	99,818	264,357	475,540
	367,161	332,469	953,692	1,653,323
Net book amount				
At 31 January 2008	274,475	444,163	1,671,558	2,390,196
At 31 January 2007	308,032	459,811	1,898,195	2,666,038

8 Debtors

	2008	2007
	£	£
Trade debtors	2,469,631	1,811,355
Other debtors	48,291	16,028
Prepayments	381,716	321,826
Accrued income	3,603,423	2,630,071
	6,503,061	4,779,280

O'Melveny & Myers LLP

9 Creditors – amounts falling due within one year

	2008	2007
	£	£
Trade creditors	183,028	121,988
Other taxation and social security costs	263,107	263,172
Accruals and deferred income	1,646,348	1,911,628
	2,092,483	2,296,788

10 Creditors – amounts falling due after more than one year

	2008	2007
	£	£
Amounts due to associated law firm (note 18)	2,403,928	5,322,889

11 Provisions for liabilities and charges

	At 1 February 2007	Charged in the year	At 31 January 2008
	£	£	£
Property dilapidations provision	133,333	50,000	183,333

12 Financial commitments

At 31 January 2008 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Within one year	-	-	-	-
Within two to five years	-	-	30,600	30,600
After five years	931,003	931,003	-	-
	931,003	931,003	30,600	30,600

O'Melveny & Myers LLP

13 Members' interests

	Members' capital	Total	Other reserves
	£	£	£
Members' interest as at 31 January 2006	50,000	50,000	(2,154,691)
Profit for the year ended 31 January 2007 available for division among members	-	-	2,686,930
Repayment of capital	(5,000)	(5,000)	-
Members' interest as at 31 January	45,000	45,000	532,239
Profit for the year ended 31 January 2008 available for division among	-	-	3,739,984
Capital introduced	19,051	19,051	-
Repayment of capital	(4,401)	(4,401)	-
Net exchange difference (note 1)	-	-	205,875
Members' interest as at 31 January	59,650	59,650	4,478,098

Under the terms of the Members' Agreement relating to the LLP, the members of the LLP can be required to make capital contributions to the LLP as determined from time to time by the Management Committee. It is intended that any member's capital so contributed will be repayable to the contributing member within 30 days following the date on which that member ceases to be a member of the LLP

O'Melveny & Myers LLP

14 Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£	£
Operating profit	3,776,308	2,745,939
Depreciation	475,540	462,216
(Decrease)/ increase in creditors	(2,917,391)	847,346
Net adjustment to fixed assets	-	80,038
Increase in provisions	50,000	50,000
Increase in debtors	(1,723,781)	(3,363,212)
Net cash (outflow)/ inflow from operating activities	(339,324)	822,327

15 Analysis of cash flows

	2008	2007
	£	£
Returns on investments		
Interest received	16	-
Interest paid	(36,340)	(59,009)
	(36,324)	(59,009)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(199,698)	(125,949)
	(199,698)	(125,949)
Transactions with members		
Capital contributions	19,051	-
Capital payments to members	(4,401)	(5,000)
	14,650	(5,000)

O'Melveny & Myers LLP

16 Analysis of net funds

Net funds	2007	Cash flow	2008
Cash at bank and in hand	884,931	(560,696)	324,235

17 Ultimate controlling party

The ultimate controlling party is considered to be the members of the US LLP, O'Melveny & Myers LLP.

18 Related party transactions

From time to time O'Melveny & Myers LLP has received advances from the US LLP. At 31 January 2008 amounts totalling £2,403,928 (2007: £5,322,889) were due as a result of these transactions.

O'Melveny & Myers LLP

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