

LLP number OC307988

O'Melveny & Myers LLP
Annual report and financial statements
for the year ended 31 January 2010

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O'Melveny & Myers LLP

Annual report and financial statements for the year ended 31 January 2010

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O'Melveny & Myers LLP

Registered Office

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Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank Plc
1 Churchill Place
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E14 5HP

O'Melveny & Myers LLP

Report to the members for the year ended 31 January 2010

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 2010

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 and up to the date of signing the financial statements were John Daghlilan and Solomon Wifa

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.

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.

O'Melveny & Myers LLP

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.

Development and Performance of the Partnership's business during the year

The Partnership saw revenue fall during the year to £14,306,314 (2009 £21,843,937) as a result of the tough economic climate. As a result, profit for the year was £2,893,222, down from £8,508,636 in 2009.

Independent 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 reasonably 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.

Statement of members' responsibilities

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

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 elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

O'Melveny & Myers LLP

On behalf of the Management Committee

A handwritten signature in black ink, appearing to read "J. Daghlia", written over the printed name.

John Daghlia
Designated Member

28 October 2010

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 ("the LLP") for the year ended 31 January 2010 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 Annual Report and 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 LLP 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 (the "Regulations") 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 2006, as applied to limited liability partnerships. We also report to you if, in our opinion, the LLP has not kept adequate 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, the list of advisors and all of the other information listed on the contents page. 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 of the state of the LLP's affairs as at 31 January 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006, as applied to limited liability partnerships by the Regulations



David Thirkettle (senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place, London

28 October 2010

O'Melveny & Myers LLP

Profit and loss account for the year ended 31 January 2010

	Note	2010 £	2009 £
Turnover	2	14,306,314	21,843,937
Operating costs			
Staff costs	3	(6,110,107)	(7,675,660)
Depreciation and other amounts written off tangible fixed assets		(640,729)	(621,264)
Other operating charges		(4,696,878)	(5,027,011)
		(11,447,715)	(13,323,935)
Operating profit	4	2,858,599	8,520,002
Interest receivable and other income	5	55,160	34,520
Interest Payable and similar charges	5	(20,538)	(45,886)
Profit for the financial year available for discretionary division among members	13	2,893,222	8,508,636

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

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

O'Melveny & Myers LLP

Balance sheet as at 31 January 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	1,401,322	1,974,544
Current assets			
Debtors receivable within one year	8	2,666,359	7,149,244
Cash at bank and in hand		1,886,397	2,008,541
		4,552,756	9,157,785
Creditors – amounts falling due within one year	9	(1,233,614)	(1,946,825)
Net current assets		3,319,142	7,210,960
Total assets less current liabilities		4,720,464	9,185,504
Creditors – amounts falling due after more than one year	10	(4,076,956)	-
Provisions for liabilities and charges	11	(283,333)	(233,333)
Net assets		360,174	8,952,171
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability under FRS25	13	44,842	41,171
Equity			
Other reserves	13	315,332	8,911,000
Members' other interests		360,174	8,952,171
Total members' interest			
Members' capital	13	44,842	41,171
Members' other interests	13	315,332	8,911,000
Members' other interests		360,174	8,952,171

The financial statements on pages 6 to 18 were approved by the Management Committee on 28 October 2010 and were signed on behalf of the members of O'Melveny & Myers LLP, LLP number OC307988, by


John Daghlion
Designated Member

O'Melveny & Myers LLP

Cash flow statement for the year ended 31 January 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	14	8,311,972	6,045,136
Returns on investment and servicing of finance	15	34,622	(11,366)
Capital expenditure and financial investment	15	(67,514)	(119,416)
Transactions with members	15	(8,401,224)	(4,230,048)
Net funds at beginning of year	16	2,008,541	324,235
Increase/(Decrease) in cash in the year		(122,144)	1,684,306
Net funds at end of year		1,886,397	2,008,541

O'Melveny & Myers LLP

Notes to the financial statements for the year ended 31 January 2010

1 Accounting policies

Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006, as applied to Limited Liability Partnerships, including the Revised Statement of Recommended Practice (SORP), under the 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, including incidental costs of acquisition, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the assets to its working condition for its intended use. 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:

Fixtures and fittings	7 years
Office equipment	5 years
Leasehold property	10 years

O'Melveny & Myers LLP

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 and 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 out of 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.

O'Melveny & Myers LLP

2 Turnover

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

3 Employees

Employees	2010 £	2009 £
Salaries	5,255,661	6,178,766
Social security costs	610,895	733,487
Other benefits (including pension costs)	243,551	763,407
	6,110,107	7,675,660

There were no amounts outstanding in respect of retirement benefits at the year end date (2009 £nil)

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

By activity	2010	2009
Assistants	22	28
Trainees	9	8
Secretaries	11	15
Support staff	15	17
	57	68

O'Melveny & Myers LLP

4 Operating profit

	2010 £	2009 £
Operating profit is stated after charging		
Depreciation of tangible fixed assets (see below)	469,199	615,264
Loss on disposal of fixed assets	171,530	5,892
Operating lease rentals – land and buildings	931,003	931,003
Fees payable to PricewaterhouseCoopers LLP for		
– audit of the LLP's annual accounts	30,000	31,750
– tax services	15,000	11,469

A charge for depreciation from the US LLP of £nil (2009 £86,088) is included in the above amount

5 Net interest receivable/(payable)

	2010 £	2009 £
Interest payable and similar charges	(20,538)	(45,886)
Interest receivable and similar income	55,160	34,520
	34,622	(11,366)

6 Members' profit shares

The basis upon which profits are allocated as between members is set out in note 1. The average monthly number of members during the year was 10 (2009 10)

	2010 £	2009 £
The average profit per member is calculated by dividing the profit for the financial year by the average number of members	289,322	850,864
Unallocated profits	2,893,222	8,508,636

Profits in respect of the current year 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 certain UK resident members.

The profit attributable to the highest paid Member was £912,377 (2009 £666,522)

O'Melveny & Myers LLP

7 Tangible assets

	Office equipment	Fixtures and fittings	Leasehold property	Total
	£	£	£	£
Cost				
At 1 February 2009	659,209	825,715	2,628,440	4,113,364
Additions	35,459	32,055	-	67,514
Disposals	-	-	402,080	402,080
At 31 January 2010	694,668	857,770	2,226,360	3,778,798
Depreciation				
At 1 February 2009	480,854	440,654	1,217,312	2,138,820
Charge for the year	93,183	112,396	263,620	469,199
Disposals	-	-	230,543	230,543
At 31 January 2009	574,037	553,050	1,250,389	2,377,476
Net book amount				
At 31 January 2010	120,631	304,720	975,971	1,401,322
At 31 January 2009	178,355	385,061	1,411,128	1,974,544

8 Debtors

	2010	2009
	£	£
Trade debtors	766,602	2,439,349
Other debtors	92,444	123,735
Prepayments	320,450	353,738
Accrued income	1,486,863	3,122,208
Amounts due from associated law firm (note 18)	-	1,110,214
	2,666,359	7,149,244

O'Melveny & Myers LLP

9 Creditors – amounts falling due within one year

	2010	2009
	£	£
Trade creditors	13,785	12,638
Other taxation and social security costs	154,105	265,328
Accruals and deferred income	1,065,724	1,668,859
	1,233,614	1,946,825

10 Creditors – amounts falling due after more than one year

	2010	2009
	£	£
Amounts owed to associated law firm (note 18)	4,076,956	-

11 Provisions for liabilities and charges

	At 1 February 2009	Charged in the year	At 31 January 2010
	£	£	£
Property dilapidations provision	233,333	50,000	283,333

12 Financial commitments

At 31 January 2010 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
Within one year	-	-	-	-
Within two to five years	-	-	32,416	32,416
After five years	931,003	931,003	-	-
	931,003	931,003	32,416	32,416

O'Melveny & Myers LLP

13 Members' interests

	Members' capital (classified as liability)	Loans and other debts due to/(from) members	Total	Other reserves (classified as equity)	Total
	£	£	£	£	£
Members' interests at 1 February 2008	59,650	-	59,650	4,478,098	4,537,748
Profit for the year available for discretionary allocation among members	-	-	-	8,508,636	8,508,636
Members' interests after profit for the year	59,650	-	59,650	12,986,734	13,046,384
Allocated profit	-	4,211,569	4,211,569	(4,211,569)	-
Introduced by members	7,545	-	7,545	-	7,545
Repayment of capital	(26,024)	-	(26,024)	-	(26,024)
Drawings and distributions	-	(4,211,569)	(4,211,569)	-	(4,211,569)
Net exchange differences	-	-	-	135,835	135,835
Members' interests at 1 February 2009	41,171	-	41,171	8,911,000	8,952,171
Profit for the year available for discretionary allocation among members	-	-	-	2,893,222	2,892,222
Members' interests after profit for the year	41,171	-	41,171	11,804,221	11,845,392
Allocated profit	-	8,406,150	8,406,150	(8,406,150)	-
Introduced by members	9,891	-	9,891	-	9,891
Repayment of capital	(4,965)	-	(4,965)	-	(4,965)
Drawings and distributions	-	(8,406,150)	(8,406,150)	-	(8,406,150)
Net exchange adjustments	(1,255)	-	(1,255)	(3,082,740)	(3,083,995)
Members' interests at 31 January 2009	44,842	-	44,842	315,332	360,174

O'Melveny & Myers LLP

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.

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

	2010	2009
	£	£
Operating profit	2,858,599	8,520,002
Depreciation	469,199	529,176
Loss on sale of Assets	171,530	5,892
Increase/(Decrease) in creditors	3,363,746	(2,549,586)
Increase in provisions	50,000	50,000
Increase/(Decrease) in debtors	4,482,885	(646,183)
Exchange adjustments	(3,083,994)	135,835
Other non cash charges	7	-
Net cash inflow / (outflow) from operating activities	8,311,972	6,045,136

15 Analysis of cash flows

	2010	2009
	£	£
Returns on investments		
Interest received	55,160	34,520
Interest paid	(20,538)	(45,886)
	34,622	(11,366)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(67,514)	(119,416)
	(67,514)	(119,416)

O'Melveny & Myers LLP

	2010 £	2009 £
Transactions with members		
Capital contributions	9,891	7,545
Capital payments to members	(4,965)	(26,024)
Drawings and distributions	(8,406,150)	(4,211,569)
	(8,401,224)	(4,230,048)

16 Analysis of net funds

Net funds	2009	Cash flow	2010
Cash at bank and in hand	2,008,541	(122,144)	1,886,397

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 2010 amounts totalling £4,076,956 were owed by the UK LLP (2009 £1,110,214 owed to the UK LLP) as a result of these transactions. This amount is due more than one year after the balance sheet date.

O'Melveny & Myers LLP

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