Registered number OC352713

Simmons & Simmons

Simmons & Simmons LLP
Annual report and financial statements
for the year ended 30 April 2017

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Members' report

The members present their annual report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 30 April 2017.

Firm structure

Simmons & Simmons LLP is a limited liability partnership, registered in England and Wales with LLP number OC352713, and was incorporated, under the Limited Liability Partnerships Act 2000, on 1 March 2010. Simmons & Simmons is the collective name used to describe the international legal practice comprising Simmons & Simmons LLP and its subsidiary undertakings, which comprise the other partnerships, corporations and undertakings which are authorised to use, and carry on business under, the name "Simmons & Simmons".

The LLP has branches, as defined in Section 1046(3) of the Companies Act 2006, outside the UK in Belgium, France, Germany, The Netherlands and Spain.

A list of members' names, and of non-members who are designated as partners, is available for inspection at CityPoint, One Ropemaker Street, London, EC2Y 9SS, United Kingdom, which is also the principal place of business and registered office of Simmons & Simmons LLP. Further details, and copies of this annual report and financial statements, can be obtained from the Simmons & Simmons website at www.simmons-simmons.com.

Principal activities

Simmons & Simmons LLP (the "LLP") and its subsidiary undertakings (together the "Group") are principally engaged in the provision of legal services operated through a network of offices in Asia, Europe and the Middle East.

Review of the business and future developments

The Group's business plan is to continue to invest and grow its premium high-end legal services in its recognised sectors being Financial Institutions; Life Sciences; Technology, Media and Telecommunications and Asset Management & Investment Funds.

The UK legal market in these fields started the year slowly awaiting the decision of the EU referendum. The result of this referendum caused some of these markets to deteriorate. Our expertise in these sectors enabled us to support our clients in managing through these uncertain times. Contentious activity remained strong which helped to maintain our UK turnover.

The other geographical legal markets, in which we operate, Continental Europe, the Middle East and Asia, were less impacted and this enabled us to increase our turnover overall. The fall in the value of sterling also helped increased the sterling value of our turnover from these international markets.

As expected the pressure on fee rates continued, emphasising the importance to the Group of embracing different ways of working, in order to improve efficiency and deliver greater value to its clients.

Overall the Group's turnover for the year increased by a healthy 7% to £317m.

The Group has taken advantage of the economic uncertainty to attract individuals and teams in order to fill missing skill sets or increase our current strengths. We have remained committed to our sector strategy and to building on our recognised strengths, and during the period increased the number of our legal practitioners (members, fee earners and other legal staff) by an average of 40 people or 4%.

Members' report (continued)

During 2016 the Group reorganised its property arrangements which lead to a one off reduction in operating costs of £10m. If this is adjusted for, then the results for the year show an underlying increase in profit on our normal business, after tax, of 8% to £94m. The members regard this as a good result.

The Group's current business plan runs until April 2018. We will be discussing a new three-year business plan at our next partner conference, later this year, focusing on what geographies, practices, size and shape the Group needs to be to best meet the needs of clients in our sectors. Despite the uncertainty in the markets the members regard future prospects to be satisfactory.

Management structure
Overall responsibility for the strategy of the firm and management of the firm, with a view to achieving business and strategic objectives, lies with the Board. The Board comprises the Senior Partner, the Managing Partner, six elected members (three from the UK offices and three from other offices), the Finance Director and two non-executive members. Two of the elected members retire each year but are eligible for re-election.

The Board indirectly controls the subsidiaries and other undertakings, however some may have separate management structures which may include representatives of the Board.

The Board met ten times during the year. Since 1 May 2016, and except as indicated below, the following have been members of the Board:

Colin Passmore	Senior Partner (Designated Member)	
Jeremy Hoyland	Managing Partner (Designated Member)	
Alyson Lockett		
Andrea Accornero		From 1 May 2016
Caroline Hunter-Yeats		Until 30 April 2017
Christopher Horton		From 6 June 2017
Fiona Loughrey		
Kathryn Greaves	Finance Director	
Laurence Renard		From 6 June 2017
Leo Verhoeff		Until 31 May 2017
Michael Woodford	Non-executive	
Patrick Wallace		
Rodger Hughes	Non-executive	

Members' report (continued)

The International Executive Committee ("IEC") advises and assists the Managing Partner in the day-to-day management of the firm. The IEC comprises the Managing Partner, the Finance Director, the four International Practice Group Heads and such other members as the Managing Partner nominates and the Board approves. The IEC generally meets twice a month, with the Business Services directors in attendance as required. Since 1 May 2016, and except as indicated below, the following have been members of the IEC:

Jeremy Hoyland	Managing Partner	
Hans-Hermann Aldenhoff		
Jacques-Antoine Robert		
Jonathan Hammond		
Julian Taylor		
Kathryn Greaves	Finance Director	
Mark Curtis		
Caroline Hunter-Yeats		From 1 May 2017

Audit Committee

The main responsibility of the committee is to discuss and recommend, as appropriate, action in relation to such aspects of strategic, people, marketplace, ethical, financial or legal and compliance risks as may be agreed with the Board. A considerable amount of time is devoted to internal controls, risk management and the review of the audited annual report and financial statements.

The committee, appointed by the Board from among the non-executives and partners, consists of not less than three and not more than five members. By standing invitation the Senior Partner, the Managing Partner, the Finance Director and the General Counsel normally attend meetings. At least one member of the committee must have significant, recent and relevant financial experience. During the year the committee was chaired by Rodger Hughes, a non-executive Board member. The committee met four times during the year.

Members' drawings and the subscription and repayment of members' capital

The Group operates a drawings policy which has regard to a cautious estimate of budgeted profits. Drawings are restricted to prudent levels, taking into account working capital performance, with full distributions of profits only when the results for the year and individual members' allocations have been determined. In addition, the Members' Agreement provides a framework for further restriction of drawings and distributions under circumstances where the cash requirements of the business need to take priority over the cash needs of the members.

Members' capital requirements are determined from time to time having regard to the short, medium and long term needs of the business. The level of capital contribution depends on the member's number of profit sharing units. Members' capital is repaid after retirement.

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 and who are designated as partners. These individuals are generally remunerated on an equivalent basis to members. Where an individual receives his or her remuneration as an employee or consultant, this is presented within "Staff costs" in the notes to the Group profit and loss account. 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".

Members' report (continued)

After the allocation of members' remuneration charged as an expense, the profit for the financial year may be determined. The members approve the financial statements and distribution statements for the financial year and pass a resolution to effect the division and appropriation of the profit. There are then three planned distribution dates during the following financial year.

A reserve is made for each individual member as regards taxation in respect of their profit share on a full provision basis by deduction from remuneration. The firm then settles such tax liabilities on behalf of members from such reserves as and when they fall due. Members are personally responsible for funding their own pensions and paying for other benefits.

Drawings to members are provided by way of an advance on account of profit entitlement. The level of drawings is recommended by the Board and approved by the members as part of the budget process each year. As such drawings are made during the year before the profits for that year have been determined and allocated, by the year end the personal current accounts of such members with the LLP are in deficit. The total of these current accounts is shown in the Group balance sheet as "Amounts due from members". Once the profit for the year has been allocated, those current accounts are typically in surplus by the amount of the relevant members' share of the year's profit in excess of that already drawn.

Financing and capital

The firm is financed primarily through revolving capital loans, structured in the form of a joint facility provided by two banks made available to the LLP, with guaranteed recourse to partners, and through undistributed profits (including tax retentions). There is also a capital accumulation scheme, whereby a fixed amount of capital is provided by partners through retentions from profit shares or other remuneration. Although this capital is classified as a liability it does not constitute money borrowed from a financial institution. The scheme requires the provision, on a progressive basis, of a flat amount of capital, in tranches over a period of six years. Interest is paid on the capital accumulation balance at a rate reflecting the firm's borrowing cost. Capital contributed under this scheme is normally repayable following retirement, unless the aggregate of the capital remaining after that repayment would fall below £10m.

The LLP also has available overdraft and rent guarantee facilities arranged with a number of banks. Further details of the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in note 13.

Members' report (continued)

Principal risks and uncertainties
The principal risks and uncertainties that affect the financial results of the Group relate to the variability of the market for premium, high-end legal advice. Management seeks to match the Group's resources to the expected demand while taking up opportunities to expand market share.

The Group's financial risks relate to the non-recoverability of client receivables, liquidity risk in relation to payables and foreign exchange risk due to the international nature of its business.

Staff
The firm is committed to developing a high performance culture where talent can thrive regardless of background, religion, sexual orientation or gender. Simmons & Simmons was named in The Times Top 50 Employers for Women 2016, named as a Top 30 Employer for Working Families and identified by Stonewall as both a Star Performer in the UK and a Top Global Employer.

Over the course of the year, 25 lateral partner hires joined the firm and 8 new partners were promoted, of whom one third were female.

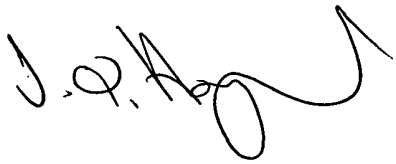
Corporate social responsibility
The firm's corporate responsibility strategy is focussed on social inclusion, pro bono, diversity, gender balance and the environment. This provides an inclusive and supportive working environment for all members of the firm and enables staff to engage with the local community and key clients from across the network. The firm has continued to provide financial support to charitable organisations or grants to individuals through the Simmons & Simmons Charitable Foundation.

Disclosure of information to auditors
In so far as the members are aware:

- there is no relevant audit information of which the LLP's auditors are not aware; and
- the members have taken the necessary steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors
The independent auditors of Simmons & Simmons LLP are PricewaterhouseCoopers LLP who will be proposed for reappointment.

Approved by the Board and signed on its behalf by:



Jeremy Hoyland

Managing Partner

18 October 2017

Statement of members' responsibilities in respect of the financial statements

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 & Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), require the members to prepare financial statements for each financial year. Under that law the members have prepared the Group and Limited Liability Partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 Group and the LLP and of the profit or loss of the Group and the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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.

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

These responsibilities are exercised by the Board on behalf of the members.

Independent auditors' report to the members of Simmons & Simmons LLP

Report on the financial statements

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

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 30 April 2017 and of the group's 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 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.

What we have audited
The financial statements, included within the annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and limited liability partnership balance sheet as at 30 April 2017;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated and limited liability partnership statement of changes in members' interests for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Simmons & Simmons LLP (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement of members' responsibilities in respect of the financial statements set out on page 6, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 October 2017

Consolidated profit and loss account

Year ended 30 April	Note	2017 £'000	2016 £'000
Turnover			
Revenue in respect of legal services		**313,699**	292,909
Expenses recharged		**1,897**	1,431
Other operating income		**1,030**	1,959
		316,626	296,299
Operating costs			
Staff costs	4	**(130,451)**	(119,576)
Depreciation, amortisation and impairment		**(5,660)**	(7,049)
Other operating expenses		**(83,955)**	(79,106)
Property provision releases	5	**-**	9,939
		(220,066)	(195,792)
Operating profit		**96,560**	100,507
Interest receivable and similar income	6	**84**	146
Interest payable and similar charges	6	**(1,255)**	(2,574)
Profit on ordinary activities before taxation	3	**95,389**	98,079
Tax on profit on ordinary activities of the subsidiaries	8	**(1,068)**	(822)
Profit on ordinary activities before members' remuneration and profit shares		**94,321**	97,257
Members' remuneration charged as an expense		**(9,961)**	(8,365)
Profit for the financial year available for discretionary division among members		**84,360**	88,892

All amounts relate to continuing activities.

Consolidated statement of comprehensive income

Year ended 30 April	Note	2017 £'000	2016 £'000
Profit for the financial year available for discretionary division amongst members		**84,360**	88,892
Currency translations difference on foreign currency net investments		**(655)**	4,448
Remeasurement of net defined benefit liability	19	**(15,482)**	1,484
Other comprehensive income for the year, net of tax		**(16,137)**	5,932
Total comprehensive income available for discretionary division among members		**68,223**	94,824

Consolidated balance sheet

At 30 April	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	9	**10,017**	11,197
Tangible assets	10	**10,745**	8,969
		20,762	20,166
Current assets			
Debtors	12	**170,917**	161,296
Cash at bank and in hand		**24,253**	17,346
		195,170	178,642
Creditors: amounts falling due within one year	13	**(62,348)**	(97,494)
Net current assets		**132,822**	81,148
Total assets less current liabilities		**153,584**	101,314
Creditors: amounts falling due after more than one year	14	**(50,887)**	(2,465)
Provisions for liabilities	15	**(3,093)**	(3,385)
Defined benefit pension liability	19	**(24,016)**	(11,150)
Net assets attributable to members		**75,588**	84,314
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		**14,398**	15,247
Members' other interests			
Currency translation reserve		**1,655**	2,310
Other reserves classified as equity		**59,535**	66,757
		75,588	84,314

Consolidated balance sheet

At 30 April	Note	2017 £'000	2016 £'000
Total members' interests			
Amounts due from members	12	**(23,078)**	(23,363)
Members' capital classified as a liability		**14,398**	15,247
Members' other interests		**59,535**	66,757
Currency translation reserve		**1,655**	2,310
		52,510	60,951

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 18 October 2017. They were signed on behalf of the Group by:

Colin Passmore
Senior Partner

Jeremy Hoyland
Managing Partner

Kathryn Greaves
Finance Director

Limited Liability Partnership balance sheet

At 30 April	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	9	**9,969**	11,175
Tangible assets	10	**7,983**	6,813
		17,952	17,988
Current assets			
Debtors	12	**223,333**	213,144
Cash at bank and in hand		**17,600**	9,952
		240,934	223,096
Creditors: amounts falling due within one year	13	**(99,639)**	(138,979)
Net current assets		**141,295**	84,117
Total assets less current liabilities		**159,247**	102,105
Creditors: amounts falling due after more than one year	14	**(50,887)**	(2,465)
Provisions for liabilities	15	**(2,524)**	(3,109)
Defined benefit pension liability	19	**(24,016)**	(11,150)
Net assets attributable to members		**81,820**	85,381
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		**14,459**	15,311
Members' other interests			
Currency translation reserve		**2,057**	2,631
Other reserves classified as equity		**65,304**	67,439
		81,820	85,381

The LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 not to present the LLP's own profit and loss account. The LLP's profit for the financial year available for discretionary division among members was £88.2m (2016: £96.6m).

Limited Liability Partnership balance sheet

At 30 April	Note	2017 £'000	2016 £'000
Total members' interests			
Amounts due from members	12	**(23,178)**	(23,443)
Members' capital classified as a liability		**14,459**	15,311
Members' other interests		**65,304**	67,439
Currency translation reserve		**2,057**	2,631
		58,642	61,938

The financial statements of Simmons & Simmons LLP (Registered number OC352713) were approved by the Board and authorised for issue on 18 October 2017. They were signed on behalf of the LLP by:

Colin Passmore
Senior Partner

Jeremy Hoyland
Managing Partner

K. Greaves
Kathryn Greaves
Finance Director

Consolidated statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Other reserves classified as equity £'000	Total members' interests £'000
Members' interest at 1 May 2016	**15,247**	**(23,363)**	**(8,116)**	**2,310**	**66,757**	**60,951**
Members' remuneration charged as an expense	-	9,961	9,961	-	-	9,961
Profit for the financial year available for discretionary division among members	-	-	-	-	84,360	84,360
Currency translation difference on foreign currency net investments	-	-	-	(655)	-	(655)
Remeasurement of net defined benefit liability	-	-	-	-	(15,482)	(15,482)
Total comprehensive income available for discretionary division among members				**(655)**	**68,878**	**68,223**
Allocated profits in respect of the prior year	-	76,100	76,100	-	(76,100)	-
Tax paid on behalf of members	-	(44,120)	(44,120)	-	-	(44,120)
Drawings and distributions	-	(42,146)	(42,146)	-	-	(42,146)
Members' capital introduced	-	-	-	-	-	-
Capital repaid	(1,271)	-	(1,271)	-	-	(1,271)
Foreign currency capital revaluation	422	490	912	-	-	912
At 30 April 2017	**14,398**	**(23,078)**	**(8,680)**	**1,655**	**59,535**	**52,510**

Limited Liability Partnership statement of changes in members' interests

	Loans and other debts due to/(from) members					
	Members' capital classified as a liability £'000	Members' other amounts £'000	Total £'000	Currency translation reserve £'000	Other reserves classified as equity £'000	Total members' interests £'000
Members' interest at 1 May 2016	**15,311**	**(23,443)**	**(8,132)**	**2,631**	**67,439**	**61,938**
Members' remuneration charged as an expense	-	9,961	9,961	-	-	9,961
Profit for the financial year available for discretionary division among members	-	-	-	-	88,209	88,209
Currency translation difference on foreign currency net investments	-	-	-	(574)	-	(574)
Remeasurement of net defined benefit liability	-	-	-	-	(15,482)	(15,482)
Total comprehensive income available for discretionary division among members				**(574)**	**72,727**	**72,153**
Allocated profits in respect of the prior year	-	74,862	74,862	-	(74,862)	-
Tax paid on behalf of members	-	(43,453)	(43,453)	-	-	(43,453)
Drawings and distributions	-	(41,725)	(41,725)	-	-	(41,725)
Members' capital introduced	-	-	-	-	-	-
Capital repaid	(1,271)	-	(1,271)	-	-	(1,271)
Foreign currency capital revaluation	419	620	1,039	-	-	1,039
At 30 April 2017	**14,459**	**(23,178)**	**(8,719)**	**2,057**	**65,304**	**58,642**

Consolidated cash flow statement

	Note	Group 2017 £'000	2016 £'000
Net cash flows generated from operating activities	17	**92,375**	88,337
Cash flows used in investing activities			
Purchase of tangible assets		**(4,635)**	(4,010)
Disposal of tangible assets		**124**	102
Purchase of intangible assets		**(1,405)**	(3,825)
Interest received		**84**	146
Net cash flows used in investing activities		**(5,832)**	(7,587)
Cash flows used in financing activities			
Repayments of borrowings		**9,150**	(712)
Payments to or on behalf of the members		**(86,006)**	(81,464)
Capital contributions by members		**-**	402
Repayments to former members		**(1,271)**	(1,023)
Interest paid		**(902)**	(1,084)
Net cash flows used in financing activities		**(79,029)**	(83,881)
Net increase/(decrease) in cash and cash equivalents		**7,514**	(3,131)
Cash and cash equivalents at beginning of year		**15,239**	17,657
Foreign exchange gains on cash and cash equivalents		**1,299**	713
Cash and cash equivalents at end of year		**24,052**	15,239
Cash at bank and in hand		**24,253**	17,346
Bank overdraft		**(201)**	(2,107)
Cash and cash equivalents		**24,052**	15,239

Notes to the financial statements

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Simmons & Simmons LLP ("the LLP") is incorporated in the United Kingdom under the Limited Liability Partnership Act 2000. Simmons & Simmons is the collective name used to describe the international legal practice comprising the LLP and its subsidiary undertakings, which comprise the other partnerships, corporations and undertakings which are authorised to use, and carry on business under, the name "Simmons & Simmons" (the Group). The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Members' Report on pages 1 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice Accounting by Limited Liability Partnerships (issued July 2014) (LLP SORP).

For the purposes of the consolidated financial statements the results and financial position are expressed in pounds sterling which is the functional currency of the largest branch of the LLP, and the presentation currency for the consolidated financial statements. Transactions included in the financial statements of the Group are measured using the currency of the primary economic environment of each entity (the functional currency), and where the functional currency is not pounds sterling, those results are included in accordance with the policies set out below.

The LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The financial performance, position and cash flows are set out on pages 9 to 17 inclusive.

Working capital is provided in the form of revolving capital loans, structured as a single loan facility provided jointly by two banks. The facility may be drawn down in multiple currencies rolling over on a periodic basis. The arrangement expires as at 31 October 2021.

Notes to the financial statements

1. Accounting policies (continued)

c. Going concern (continued)

The members have a reasonable expectation that the LLP and the Group have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Intangible assets

Separately acquired or developed software is included at cost and amortised in equal annual instalments over periods ranging from three to seven years which are their estimated useful economic lives. Provision is made for any impairment.

e. Tangible fixed assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	Shorter of the property lease term and 15 years
Plant, property and machinery	Between 2 and 5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans are measured at cost, which may be nil, less impairment.

Notes to the financial statements

1. Accounting policies (continued)

f. Financial instruments (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(i) Investments
In the LLP balance sheet, investments in subsidiaries are measured at cost less impairment.

(ii) Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

g. Impairment of assets
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment previously been recognised.

Notes to the financial statements

1. Accounting policies (continued)

g. Impairment of assets (continued)

Financial assets
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where this effect is deemed material.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. Taxation

The taxation payable on the partnership profits is the personal liability of the members, although payment of such liabilities is administered by the Group on behalf of the members. Consequently, neither income taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

The tax expense represents the sum of the current and deferred tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these corporate subsidiaries.

Current tax, including UK corporation tax and foreign 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 relating to corporate subsidiaries is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

1. Accounting policies (continued)

h. Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Members' interests

Members' capital is repayable following retirement of the member and is therefore classified as a liability. As members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

j. Divisible profits and members' remuneration

The LLP SORP recognises that the basis of calculating profits for allocation may differ from the profits reflected through the financial statements prepared in compliance with recommended practice, given the established need to seek to focus profit allocation on ensuring equity between different generations and populations of members.

Consolidation of the results of certain subsidiary undertakings, the provision for annuities to current and former members, pension scheme charges, the spreading of acquisition integration costs and the treatment of long leasehold interests are all items which may generate differences between profits calculated for the purpose of allocation and those reported within the financial statements. Where such differences arise, they have been included within 'other reserves classified as equity' in the balance sheet.

Profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within other reserves.

k. Turnover

Revenue for services represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided and expenses incurred. Revenue is stated net of Value Added Tax.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an

Notes to the financial statements

1. Accounting policies (continued)

k. Turnover (continued)

assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as 'Unbilled revenue' (accrued income) within debtors. Accrued income is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the Group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

l. Employee benefits

The Group operates funded defined benefit schemes for certain employees, with the assets of the scheme held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included under interest payable and similar charges caption. Remeasurement comprising actuarial gains and losses including the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

m. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange differences arising are recognised in the profit and loss.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when the fair value was determined. Exchange differences arising on non-monetary items are recognised in other comprehensive income.

The results of international operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Notes to the financial statements

1. Accounting policies (continued)

n. Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

o. Provisions
Provision is made for the best estimate of expected losses from onerous contracts; in particular, in respect of surplus property. This is calculated as the present value of future lease payments for surplus property after allowance for anticipated income from subtenants.

Provision is made for dilapidations in respect of property leases which contain requirements for the premises to be returned to their original state prior to the conclusion of the lease term.

The provision for claims represents the estimated cost to the Group of defending and settling claims where a liability is considered by the members to be probable, after allowing for recoveries under insurance policies.

Discounting
Significant longer term provisions are shown at the present value of the expected liability. The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the profit and loss account and is included under the 'Interest payable and similar charges'.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the members 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 assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements involving estimations that the members have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – accrued revenue
The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year end, in accordance with the Group's accounting policy for revenue recognition.

Notes to the financial statements

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of debtors
The Group makes an estimate of the recoverable value of trade debtors, other debtors and accrued income. When assessing impairment of trade debtors, other debtors and accrued income, management considers factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 12 to the financial statements for the net carrying amount of the Group's debtors and associated impairment provision.

Measurement of provisions
The Group's provisions, as set out in note 15 to the financial statements, include provisions for liabilities relating to property, professional indemnity and other commercial claims and are based on management's best estimate of future cash flows.

The provisions recorded in respect of onerous leases have been made using estimates of future use, and the present value of rental payments and future income.

Actuarial assumptions
The pension liabilities in respect of the defined benefit scheme have been independently valued by actuaries based on information provided by the Group. The measurement of defined benefit obligations is dependent upon material key assumptions, including discount rates, life expectancy rates, future returns on assets and future contribution rates. The key assumptions are set out in note 19 to the financial statements and have been determined having taken advice from the independent actuaries.

Notes to the financial statements

3. Profit on ordinary activities before taxation and members' remuneration and profit shares

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation is stated after charging /(crediting):		
Depreciation of tangible assets	**3,150**	5,202
Amortisation of intangible assets	**2,575**	1,941
Profit on disposal of tangible assets	**(13)**	(94)
Operating lease rentals – land and buildings	**18,977**	22,359
Operating lease rentals – office equipment	**535**	533
Foreign exchange gain	**(811)**	(1,354)

The analysis of the auditor's remuneration is as follows:

	2017 £'000	2016 £'000
Fees payable to the LLP's auditor and its associates for the audit of the LLP and the Group's consolidated financial statements	**275**	286
The audit of the LLP's subsidiaries	**116**	147
Total audit fees	**391**	433
Taxation compliance services	**186**	209
Other assurance services	**-**	4
Other services required pursuant to legislation	**-**	61
Total non-audit fees	**186**	274

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements

4. Staff costs

	Group		LLP	
	2017	2016	**2017**	2016
	No.	No.	**No.**	No.
Fee earners and other legal staff	**809**	775	**578**	553
Business support staff	**557**	545	**432**	421
Total staff	**1,366**	1,320	**1,010**	974

	Group		LLP	
Their aggregate remuneration comprised:	**2017**	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Salaries including holiday pay and bonuses	**116,236**	108,833	**73,761**	72,680
Social security costs	**11,716**	8,190	**11,037**	7,629
Pension costs	**2,499**	2,553	**2,082**	2,195
	130,451	119,576	**86,880**	82,504

Pension costs only include those items within operating costs. Items reported elsewhere in the income statement have been excluded.

5. Property provision releases

During the year ended 30 April 2016, the Group reorganised its property arrangements and entered into new agreements with landlords. The provisions for onerous leases and dilapidations, leasehold improvement assets and accruals for rental income, which had previously been recognised, were released, resulting in a credit of £9.9m to the profit and loss account.

	2017	2016
	£'000	£'000
Provisions released unused	-	(14,320)
Write off of leasehold improvements	-	1,001
Unwinding of discounting on provisions	-	974
Reversal of accrued rental income	-	2,406
	-	(9,939)

6. Finance costs

	2017	2016
	£'000	£'000
Interest receivable and similar income		
Bank interest receivable	**84**	78
Other interest receivable	**-**	68
	84	146

6. Finance costs (continued)

	Notes	2017 £'000	2016 £'000
Interest payable and other similar charges			
Unwinding of discounts on provisions	15	-	1,007
Bank loans and overdrafts		902	1,084
Net interest on defined benefit liabilities	19	353	483
		1,255	2,574

7. Members' remuneration and transactions

Profits are shared among the members after the financial statements have been finalised in accordance with agreed profit sharing arrangements and include interest on members' funds.

The estimated entitlement of the highest paid member (excluding employees or consultants remunerated on an equivalent basis to members) for the current year, yet to be fully allocated is £1.4m (2016: £1.2m).

The average number of members during the year was 185 (2016: 179).

Notes to the financial statements

8. Tax on profit on ordinary activities

	2017 £'000	2016 £'000
Taxation arises within the LLP and subsidiary undertakings of the Group and represents:		
Current tax on profit on ordinary activities		
UK corporation tax	–	–
Double tax relief	–	–
	–	–
Foreign tax	**1,068**	822
Adjustments in respect of prior years		
UK corporation tax	–	–
Foreign tax	–	–
Total current tax charge and total tax on profit on ordinary activities	**1,068**	822

	2017 £'000	2016 £'000
The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
Profit on ordinary activities before tax	**95,389**	98,079
Less profit subject to personal income tax	**(91,809)**	(95,337)
Profits subject to corporation tax	**3,580**	2,742
Tax on Group profit on ordinary activities at standard UK corporation tax rate of 20% per cent (2016: 20%)	**716**	548
Effects of:		
– Expenses not deductible for tax purposes	**(51)**	(44)
– Different tax rates and bases in other jurisdictions	**403**	318
Group total tax charge for year	**1,068**	822

Notes to the financial statements

9. Intangible assets

	Group	LLP
	Software £'000	Software £'000
Cost or valuation		
At 1 May 2016	19,496	19,474
Additions	1,405	1,366
Disposals	(35)	(35)
Exchange adjustment	40	36
At 30 April 2017	**20,906**	**20,841**
Accumulated amortisation		
At 1 May 2016	8,299	8,299
Charge for year	2,575	2,561
Disposals	(18)	(18)
Exchange adjustment	33	30
At 30 April 2017	**10,889**	**10,872**
Net book value		
At 30 April 2017	**10,017**	**9,969**
At 30 April 2016	11,197	11,175

Notes to the financial statements

10. Tangible assets

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 May 2016	37,634	10,258	8,070	6	55,968
Additions	2,547	1,122	948	18	4,635
Disposals	(426)	(580)	(58)	(6)	(1,070)
Exchange adjustment	1,049	466	131	-	1,646
At 30 April 2017	**40,804**	**11,266**	**9,091**	**18**	**61,179**
Accumulated depreciation					
At 1 May 2016	32,495	8,328	6,171	5	46,999
Charge for the year	1,812	634	702	2	3,150
Disposals	(387)	(547)	(33)	(5)	(972)
Exchange adjustment	751	388	118	-	1,257
At 30 April 2017	**34,671**	**8,803**	**6,958**	**2**	**50,434**
Net book value					
At 30 April 2017	**6,133**	**2,463**	**2,133**	**16**	**10,745**
At 30 April 2016	5,139	1,930	1,899	1	8,969

LLP

Cost or valuation					
At 1 May 2016	31,684	7,772	6,853	6	46,315
Additions	1,627	456	868	18	2,969
Disposals	(392)	(614)	(58)	(6)	(1,070)
Exchange adjustment	413	228	11	-	652
At 30 April 2017	**33,332**	**7,842**	**7,674**	**18**	**48,866**
Accumulated depreciation					
At 1 May 2016	28,218	6,195	5,084	5	39,502
Charge for year	856	395	632	2	1,885
Disposals	(387)	(547)	(33)	(5)	(972)
Exchange adjustment	280	179	9	-	468
At 30 April 2017	**28,967**	**6,222**	**5,692**	**2**	**40,883**
Net book value					
At 30 April 2017	**4,365**	**1,620**	**1,982**	**16**	**7,983**
At 30 April 2016	3,466	1,577	1,769	1	6,813

No assets were held under finance leases by either the Group or the LLP (2016: £nil).

Notes to the financial statements

11. Group investments

The LLP is the beneficial owner of, or has the power to exercise, or actually exercises, dominant influence or control over the following entities:

	Country of Incorporation, registration or operation	Principal activity	Proportion held
Simmons & Simmons Middle East LLP [1]	England & Wales	Legal services	-
Simmons & Simmons East Asia LLP [1]	England & Wales	Legal services	-
Simmons & Simmons Asia LLP [1]	England & Wales	Legal services to 31 October 2016; Administrative services from 1 November 2016	-
Simmons & Simmons Luxembourg LLP [1]	England & Wales	Legal services	-
Simmons & Simmons Service Company Limited [1]	England & Wales	Dormant	100%
Sands Service Company (No 1) Limited [1]	England & Wales	Services	100%
elexica Limited [1]	England & Wales	Services	100%
SimmLaw Services Limited [1]	England & Wales	Services	100%
Simmons & Simmons (Middle East) Limited [1]	England & Wales	Dormant	100%
Simmons & Simmons (China) Limited [1]	England & Wales	Dormant	100%
Simmons & Simmons (Japan) Limited [1]	England & Wales	Dormant	100%
Simmons & Simmons (No. 1) Limited [1]	England & Wales	Dormant	100%
Simmons & Simmons (No. 2) Limited [1]	England & Wales	Dormant	100%
Simmons & Simmons CIS LLP [1]	England & Wales	Dormant	-
Simmons & Simmons [2]	Hong Kong (SAR)	Legal services	100%
Beaufield Limited [2]	Hong Kong (SAR)	Administrative services	100%
Simmons & Simmons Limited [2]	Hong Kong (SAR)	Dormant	100%
Sands Secretaries Limited [2]	Hong Kong (SAR)	Dormant	100%
Sands Agents Limited [2]	Hong Kong (SAR)	Dormant	100%
Sands Nominees Limited [2]	Hong Kong (SAR)	Dormant	100%
Simmons & Simmons (Beijing) Intellectual Property Agency Company Limited [3]	China	Legal services	100%
Studio Legale associato in affiliation with Simmons & Simmons LLP [4]	Italy	Legal services	-
Simmons & Simmons Gaikokuho Jimu Bengoshi Jimusho (Gaikokuko Joint Enterprise TMI associates) [5]	Japan	Legal services	100%
Simmons & Simmons JWS Pte. Limited [6]	Singapore	Legal services	50%

Notes to the financial statements

11. Group investments (continued)

Registered Offices:

1 CityPoint, One Ropemaker Street, London, EC2Y 9SS
2 13th floor, One Pacific Place, 88 Queensway, Hong Kong.
3 Room 14C & 15B, 33rd Floor, Building 1, 1 Jianguomenwai Avenue, Chaoyang District, Beijing.
4 Via Tommaso Grossi, 2, 20121 Milan.
5 23rd Floor, Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo 106-6123.
6 168 Robinson Road, #11-01, Capital Tower, Singapore 068912.

The carrying amount of investments in subsidiaries and other investments is immaterial as at 30 April 2017 (2016: immaterial). Through control of entities or undertakings or ownership of investments, Simmons & Simmons has offices in Belgium, China, France, Germany, Hong Kong Special Administrative Region, Italy, Japan, Luxembourg, the Netherlands, Qatar, Singapore, Spain, the United Arab Emirates and the United Kingdom.

Notes to the financial statements

12. Debtors

	Group		LLP	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors	**103,175**	102,558	**76,473**	79,468
Unbilled revenue	**23,536**	17,503	**17,177**	14,053
Amounts owed by group undertakings	**-**	–	**92,024**	85,662
Amounts due from members	**23,078**	23,363	**23,178**	23,443
Other debtors	**7,063**	6,080	**3,412**	3,555
Prepayments and accrued income	**11,903**	6,587	**10,938**	5,592
Corporate income tax receivable	**2,162**	5,205	**132**	1,371
	170,917	161,296	**223,333**	213,144

Trade debtors are stated after provisions for impairment of £9.2m (2016: £7.5m). Amounts owed by group undertakings are non-interest bearing and repayable upon demand.

13. Creditors: amounts falling due within one year

	Group		LLP	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Bank overdraft (see note below)	**201**	2,107	**201**	2,107
Bank loan revolving facility (see note below)	**-**	39,507	**-**	39,507
Trade creditors	**11,852**	9,712	**10,056**	7,000
Amounts owed to group undertakings	**-**	–	**57,988**	63,520
Amounts due to partners	**9,816**	14,076	**873**	883
Other taxation and social security	**9,523**	7,167	**6,781**	4,977
Other creditors	**4,936**	5,801	**2,769**	5,269
Accruals and deferred income	**26,020**	19,124	**20,971**	15,716
	62,348	97,494	**99,639**	138,979

Amounts owed to group undertakings are non-interest bearing and repayable upon demand.

The Group is financed through a combination of members' capital, undistributed profits, tax retentions and multicurrency revolving credit facilities with guaranteed recourse to individual members in specified proportions in the event of default. Borrowing facilities arranged vary from overdraft facilities to cover short-term fluctuations in timing of payments and receipts to loan facilities spanning several years. All borrowing facilities are arranged through the LLP. It is the Group's policy to have in place short-term borrowing facilities which exceed forecast borrowing requirements for the following 12 months.

On 9 November 2016, the LLP entered into a restructured bank facility agreement for £50 million. The facility comprises two multicurrency revolving facility agreements structured in the form of a joint loan.

Notes to the financial statements

13. Creditors: amounts falling due within one year (continued)

The facilities are available to be drawn down in a mix of currencies, at any time, with interest charged at the LIBOR rate plus an agreed margin. This arrangement is not required to be repaid until 31 October 2021 so is presented as a long term liability, with the comparative amount presented as a current liability.

At 30 April 2017 the Sterling equivalent balance under the facility was £48.7 million (2016: £39.5 million).

14. Creditors: amounts falling due after more than one year

	Group		LLP	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Bank loan revolving facility (see note 13)	**48,657**	–	**48,657**	–
Accruals and deferred income	**2,230**	2,465	**2,230**	2,465
	50,887	2,465	**50,887**	2,465

15. Provisions for liabilities

	Property	Other	Total
	£'000	**£'000**	**£'000**
Group			
At 1 May 2016	2,555	830	3,385
Charged to fixed assets	461	-	461
Utilisation of provision	(545)	(284)	(829)
Exchange difference	76	-	76
At 30 April 2017	**2,547**	**546**	**3,093**
LLP			
At 1 May 2016	2,279	830	3,109
Charged to fixed assets	241	-	241
Utilisation of provision	(585)	(284)	(869)
Exchange difference	43	-	43
At 30 April 2017	**1,978**	**546**	**2,524**

Property
The provision for property is in respect of dilapidations and onerous leases. It is expected that the majority of this expenditure will be incurred more than one year after the balance sheet date.

Notes to the financial statements

16. Financial Instruments

	Group	
	2017	2016
Financial assets	**£'000**	£'000
Instruments measured at amortised cost:		
Trade debtors	**103,175**	102,558
Amounts due from members	**23,078**	23,363
Other debtors	**7,063**	6,080
	133,316	132,001

	Group	
	2017	2016
Financial liabilities	**£'000**	£'000
Instruments measured at amortised cost:		
Bank overdraft	**(201)**	(2,107)
Loans payable	**(48,657)**	(39,507)
Measured at undiscounted amount payable:		
Trade creditors	**(11,852)**	(9,712)
Amounts due to partners	**(9,816)**	(14,076)
Amounts due to other creditors	**(4,936)**	(5,801)
	(75,452)	(71,203)

	Group	
	2017	2016
Interest income and expense	**£'000**	£'000
Total interest income from financial assets at amortised cost	**84**	146
Total interest expense on financial liabilities at amortised cost	**(902)**	(1,084)
	(818)	(938)

	Group		LLP	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts				
Between one and two years	–	–	–	–
Between two and five years	48,657	–	48,657	–
After five years	–	–	–	–
	48,657	–	**48,657**	–
Within one year	–	39,507	–	39,507
On demand	201	2,107	201	2,107
	48,858	41,614	**48,858**	41,614

Notes to the financial statements

17. Cash flow statement

	2017 £'000	2016 £'000
Profit for the financial year	**84,360**	88,892
Adjustments for:		
Members remuneration charged as an expense	**9,961**	8,365
Tax on profit on ordinary activities	**1,068**	822
Net interest expense	**1,171**	2,428
Operating profit	**96,560**	100,507
Profit on disposal of tangible assets	**(9)**	(94)
Depreciation and amortisation	**5,673**	7,143
Unwinding provisions	**(160)**	(14,344)
Operating cash flow before movement in working capital	**102,064**	93,212
(Increase)/decrease in accrued income	**(5,393)**	5,660
(Increase)/decrease in debtors	**(4,196)**	4,476
Increase/(decrease) in creditors	**7,337**	(8,891)
Contributions to defined benefit pension scheme in excess of profit and loss charge	**(2,405)**	(3,105)
Exchange differences on translation	**(5,129)**	(1,781)
	(9,786)	(3,641)
Cash flows generated from operating activities	**92,278**	89,571
Income taxes paid	**97**	(1,234)
Net cash generated from operating activities	**92,375**	88,337

Notes to the financial statements

18. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Group				
- within one year	**18,960**	**713**	18,729	1,242
- between one and five years	**52,995**	**1,072**	57,606	2,179
- after five years	**30,452**	**55**	39,304	–
	102,407	**1,840**	115,639	3,421
LLP				
- within one year	**12,756**	**660**	12,919	1,202
- between one and five years	**43,519**	**1,030**	45,896	2,134
- after five years	**28,516**	**55**	36,929	–
	84,791	**1,745**	95,744	3,336

19. Employee benefits – pension schemes

The Group has established a number of pension schemes covering many of its employees. These schemes are categorised as either defined contribution or defined benefit pension plans.

Defined contribution schemes
The Group operates defined contribution retirement benefit schemes such as the Simmons & Simmons Standard Life group personal pension plan, the Simmons & Simmons Scottish Equitable Stakeholder Scheme and the Simmons & Simmons Standard Life group self-invested personal pension plan, for all qualifying employees. The total expense charged to profit or loss in the period ended 30 April 2017 was £3.3m (2016: £2.6m).

Defined benefit schemes
The Group sponsors two funded defined benefit pension plans for qualifying employees based in the UK and The Netherlands. The defined benefit scheme operated in the UK is the Simmons & Simmons staff pension fund ('the scheme'), a defined benefit scheme, for qualifying employees. Under the scheme, the employees are entitled to retirement benefits from a normal retirement age of 65 based on a final salary and length of service on retirement, leaving service or death. The scheme assets are held in separate trustee administered funds and was closed to future accrual with effect from 1 May 2011. The defined benefit scheme plan in The Netherlands, which is provided by an insurance company called Zwitserleven, was closed to future accrual with effect from 31 December 2016.

The net liability relating to these plans recognised on the Group and LLP balance sheets is as follows:

	2017 £'000	2016 £'000
Defined benefit plan – UK	**(22,808)**	(10,504)
Defined benefit plan – The Netherlands	**(1,208)**	(646)
Net defined benefit pension liability recognised in the balance sheet	**(24,016)**	(11,150)

Notes to the financial statements

19. Employee benefits (continued)

The total amounts recognised in the profit and loss account are:

	2017 £'000	2016 £'000
Net interest expense on UK net defined benefit liabilities	**346**	483
Net interest expense on The Netherlands net defined benefit liability	**7**	-
Net interest expense on net defined benefit liability	**353**	483

The total amounts recognised in the statement of comprehensive income are:

	2017 £'000	2016 £'000
Remeasurement of UK net defined benefit liability (loss)/gain	**(14,272)**	1,881
Remeasurement of The Netherlands net defined benefit liability loss	**(1,210)**	(397)
Remeasurement of net defined benefit liability (loss)/gain	**(15,482)**	1,484

The most recent actuarial review of scheme assets and the present value of the defined benefit obligation on the UK defined pension scheme was carried out at 30 April 2017 by Barnett Waddington LLP, professionally qualified actuaries. The present value of the defined benefit obligation, related current service cost and past service cost were measured using the projected unit credit method. An actuarial valuation of the defined benefit plan in The Netherlands was performed at 30 April 2017 by Triple A – Risk Finance B.V., professionally qualified actuaries. The members consider The Netherlands plan to be immaterial for the purpose of additional disclosure.

Defined benefit plan – UK
Under a funding schedule agreed with the scheme trustees, the LLP will make payments as shown in the table below:

Financial year ended 30 April	**Contributions £m**
2018	**2.4**
2019	**2.5**
2020	**2.5 + RPI (capped at 3%)**
2021 onwards	**Previous annual contribution + RPI (capped at 3%)**

The LLP will monitor funding levels and the funding schedule will be reviewed between the LLP and the members based on actuarial valuations. The LLP considers that the contribution rates agreed with the members are sufficient to eliminate the current deficit over the agreed period.

The principal actuarial assumptions used are as follows:

	Valuation at 2017	2016
Discount rate	**2.6%**	3.7%
Future salary increases	**3.0%**	3.1%
Inflation (RPI)	**3.4%**	3.1%
Inflation (CPI)	**2.4%**	2.1%

Notes to the financial statements

19. Employee benefits (continued)

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2017	2016
Retiring today:		
Males	**22.8**	22.8
Females	**25.3**	25.3
Retiring in 20 years:		
Males	**24.5**	24.5
Females	**27.2**	27.2

Amounts recognised in the profit and loss account in respect of this defined benefit scheme are as follows:

	2017	2016
	£'000	£'000
Interest on assets	**2,289**	2,263
Interest on liabilities	**(2,635)**	(2,746)
Net interest on defined benefit pension scheme	**(346)**	(483)

Amounts recognised in Other comprehensive income are as follows:

	2017	2016
	£'000	£'000
Gain / (loss) on scheme assets in excess of interest	**7,122**	(3,368)
Actuarial gains from changes to demographic assumptions	**1,568**	927
Actuarial (losses) / gains from changes to financial assumptions	**(22,962)**	4,322
	(14,272)	1,881

Notes to the financial statements

19. Employee benefits (continued)

Amounts recognised in the balance sheet in respect of this defined benefit scheme are as follows:

	2017 £'000	2016 £'000
Fair value of assets	**71,198**	61,939
Present value of defined benefit obligations	**(94,006)**	(72,443)
	(22,808)	(10,504)

Movements in the fair value of scheme assets were as follows:

	2017 £'000	2016 £'000
At 1 May	**61,939**	62,674
Interest on assets	**2,289**	2,263
Gain / (loss) on scheme assets in excess of interest	**7,122**	(3,368)
Contributions from the employer	**2,314**	3,009
Benefits paid	**(2,466)**	(2,639)
At 30 April	**71,198**	61,939

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

	2017 £'000	2016 £'000
At 1 May	**(72,443)**	(77,585)
Interest cost	**(2,635)**	(2,746)
Actuarial gains from changes to demographic assumptions	**1,568**	927
Actuarial (losses) / gains from changes to financial assumptions	**(22,962)**	4,322
Benefits paid	**2,466**	2,639
At 30 April	**(94,006)**	(72,443)

The actual return on scheme assets for the year ended 30 April 2017 was a gain of £9.4 million (2016: loss of £1.1 million).

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2017 £'000	2016 £'000
Equity instruments	**12,607**	13,521
Debt instruments	**25,151**	20,592
Diversified growth funds	**33,308**	27,533
Cash	**132**	293
At 30 April	**71,198**	61,939

Notes to the financial statements

20. Controlling party

The LLP is controlled by its members and as such there is no single controlling party.

The key management personnel comprise the Senior Partner, the Managing Partner, partner members of the International Executive Committee (IEC) and the business services directors. The share of the profit and salaries awarded to these key management personnel for the year will amount to £8.7m (2016: £7.9m).

The Senior Partner and partner members of the IEC maintain significant client responsibilities.

21. Related party transactions

The LLP undertakes a number of transactions with its members in the ordinary course of business: the subscription and repayment of capital, the provision and release of guarantees and the payment of drawings, distributions and tax liabilities. These transactions are all governed by, and made in compliance with, the Members' Agreement.

Transactions between the LLP and its subsidiary undertakings have been eliminated on consolidation.