

ALLEN & OVERY

Annual Report and Financial Statements

For the year ended 30 April 2020





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Members' report

The Board presents its report to the Members and the audited consolidated financial statements of Allen & Overy LLP for the year ended 30 April 2020.

Group structure

These financial statements consolidate the financial statements of Allen & Overy LLP and its subsidiary undertakings (**the Group**) for the year ended 30 April 2020. **Allen & Overy** is the collective name for an international legal practice comprising Allen & Overy LLP and its subsidiary undertakings. In this report the terms 'the Group' and 'Allen & Overy' are interchangeable.

Allen & Overy LLP (the **LLP**) is a limited liability partnership registered in England and Wales with registered number OC306763. A list of Members and non-Members who are designated as partners is available for inspection at One Bishops Square, London E1 6AD, United Kingdom, which is also the LLP's principal place of business and registered office. For more information visit www.allenoverly.com.

Partners/Members

The term **partner** in this annual report is used to refer to a Member of the LLP, or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in one of the LLP's subsidiary undertakings. The term **Member** in this annual report is used to refer only to a Member of the LLP. The term **full partner** in this document is used to refer to partners remunerated entirely by profit sharing points.

Principal activity

Allen & Overy's principal activity is the provision of premium legal services. All results derive from continuing activities.





Strategy

At the heart of our strategy is a clear ambition: to become the world's most advanced law firm. That means being at the forefront of legal thinking and building on our reputation for pioneering ideas on how we serve our clients and run our business.

Allen & Overy's strategy has three key dimensions: global reach, local depth; lasting relationships, market leadership; and high-performance culture.



Global reach, local depth

Our clients expect us to be able to operate internationally to high standards while, at the same time, fully understanding the local regulatory framework and how business is actually done in each market.

We have built a network comprising more than 40 offices in 29 countries. The size of our network, along with our corresponding breadth of expertise, is a key differentiator in the market.

We have also developed strong ties with relationship law firms in more than 100 countries where we do not have a physical presence. We combine our international resources and sector expertise to work on cross-border transactions directly in the markets and regions important to our clients.



Lasting relationships, market leadership

Our clients are at the heart of our strategy and we aim to build long-term relationships where we are completely trusted to handle their most complex legal problems.

As well as first-rate legal knowledge and expertise, we aim to bring to our clients strategic and commercial insights based on a deep understanding of their business.

Our strategy is to be tier one in all practice areas in our chosen markets. Our deeply rooted sector expertise allows us to understand the broad business, not just legal, issues faced by our clients.



High performance culture

Our clients expect the highest standards of performance and service and we have similarly high expectations of each other.

We offer our people the opportunity to develop personally and professionally and to gain experience by moving around our global network. We know that our future success depends on identifying and developing talented potential leaders with the knowledge and skills required to flourish in a challenging business environment.

We offer our people the opportunity to develop personally and professionally...

Advanced Delivery & Solutions

Equipping clients to meet the demands of today's changing and challenging environment has prompted our growth into new complementary services. Through Advanced Delivery & Solutions (AD&S) we provide technology, resourcing and end-to-end solutions.

This includes delivering legal services in new and flexible ways, making the most of what legal tech has to offer, and providing specialist consulting and strategic advisory services through A&O Consulting to build strength and integrity into organisations. This helps our clients embrace change and overcome the frustration of outdated and inefficient ways of working, enabling them to better manage risk, reduce cost and become more resilient. Ultimately it helps them reinvent their "business as usual". Whatever the challenges, we can bring together the right combination of skills to tackle them. For our clients, we combine the reassurance of a global elite law firm with the innovation they might expect from an alternative provider.

This financial year saw AD&S bring a number of new solutions to market:

- IBORmatrix, an end-to-end software and services solution developed by our Markets Innovation Group to assist with the transition from LIBOR to new interest rates at scale;
- a technology-enabled contract review service helping clients understand which, if any, of their contracts allow relief for non-performance under force majeure provisions during the Covid-19 pandemic; and
- Rulefinder e-signature, a subscription service providing a law and practice analysis of e-signing across 48 jurisdictions from aosphere, our online legal information business.

Strategic framework

Taken as a whole, our strategy is flexible and distinctive, and delivers value and high-quality service to our clients worldwide.

Whatever the challenges,
we can bring together the
right combination of skills
to tackle them.

Business and financial performance

Revenue

Our revenue grew by 4% to £1,692 million (2019: £1,627m). Our Real Estate, Litigation and Advanced Delivery businesses grew fastest in the year, supported by solid performances from our Banking, and Corporate practices. We also saw growth across almost all of our geographies, maintaining strong positions in our established markets, despite ongoing competitive pressure. We continue to invest in emerging markets.

Profit for the financial year

Profit before taxation was £690m (2019: £708m). Following the breakout of Covid-19 in March 2020 we performed an assessment on recoverability of our sublease arrangements and consequently recognised an expected credit loss on sublease receivables of £17m and a £2m impairment charge on right of use property assets. The current year result also includes a foreign exchange gain of £3m, compared to a foreign exchange gain of £9m in 2019.

Operating costs

Our total staff costs increased by £29m to £639m (2019: £610m), reflecting the impact of headcount increases, 1 May 2019 pay awards and increases in total staff financial reward. Other operating expenses reduced by £76m to £222m, partly as a result of the adoption of IFRS16 'Leases' on 1 May 2019, which replaces rental expense with depreciation on right of use assets and interest on lease liabilities. Excluding the impact of lease accounting, operating expenses have increased by £21m, as a result of the £6m reduction in exchange gains from 2019 to 2020 and an 8% underlying increase in operating expenses.

Staff pensions

2,348 (2019: 2,267) of our staff are active members of the firm's UK defined contribution pension arrangements.

The most recent full actuarial funding report on the firm's defined benefit scheme was as at 1 January 2017. The report showed a surplus of £0.4m on a technical provisions basis and as a result it has been confirmed with the Trustees that the firm is not currently required to make cash contributions to the scheme. The next funding valuation is due as at 1 January 2020. This valuation is currently being produced; we do not anticipate needing to make cash contributions after completion.

The separate annual valuation undertaken for the purpose of these financial statements at 30 April 2020 indicates a defined benefit pension surplus of £52.6m, compared with a surplus of £64.0 million in the prior year. IAS19 and IFRIC Interpretation 14 require that, where a scheme is in surplus according to the IAS19 assumptions, the surplus can only be recognised on an entity's balance sheet if an economic benefit is "available" to the entity as a result of the surplus. We have determined that under the scheme rules the Firm should be able to derive economic benefit from any future IAS19 surplus, and therefore no restriction is applicable to the balance sheet.

Net assets and financing

Our Group balance sheet remains strong, with net assets of £441m (2019: £461m). As a result of the adoption of IFRS16 'Leases' on 1 May 2019, the Group recognised £553m of lease liabilities, £65m of lease receivables and £459m of right of use assets, alongside changes to other assets and liabilities of £29m. The impact on net assets was nil.

The Group is financed through a combination of partners' capital, partners' subordinated loans and undistributed profits. Partners' capital contributions totalling £141m (2019: £138m) and partners' subordinated loans totalling £56m (2019: £56m) are contributed by reference to the Capital Unit per profit sharing point. The Capital Unit is agreed by the Board by reference to the future working capital needs of the business. Capital and subordinated loans are provided interest-free and are repayable following the partner's retirement.

The Group's borrowing facilities are held with a number of banks. Facilities expire on different dates so that renewals are spread. At 30 April 2020, the Group had unused committed bank facilities of £150m (note 19). The Board is satisfied that the available facilities are more than sufficient to meet the expected peak cash requirements of the Group over the next 12 months.

Partners' profit share and drawings

Full partners are remunerated solely out of the profits of the firm after adjusting for annuity payments to certain former partners. The amount of profit to be distributed to partners is determined by the Board after the year end.

Where a partner receives their remuneration as an employee or a consultant, this is shown under the heading of 'Partners' remuneration charged as an expense' in the Consolidated Income Statement.

In the Consolidated Balance Sheet, the amounts shown as 'Total partners' other interests' and 'Amounts due to/ from partners' relate to amounts due to and from Members of the LLP or partners of its subsidiary undertakings. Balances due to partners remunerated as employees or consultants are shown within 'Trade and other payables'.

Full partners usually draw a proportion of their expected profit share in 12 monthly instalments during the year in which the profit is earned, with the balance of their share of allocated profits, net of a tax retention, paid in 12 equal instalments starting in August of the subsequent financial year. All payments are made subject to the cash requirements of the business.

As partners draw a proportion of their expected profit share during the year before the profits for the year have been determined, divided and allocated to them, by the year-end their personal current accounts with Allen & Overy are in deficit. The total of these accounts is shown in the Consolidated Balance Sheet within 'Amounts due from partners'. Once the profit for the year has been divided

and allocated, the partners' current accounts are in surplus by the amount of their share of the year's profits not already drawn and sums retained for tax obligations.

In the majority of jurisdictions, the tax payable on a partner's profit allocation is the personal liability of the partner. However, tax is retained from their profit entitlement which is then paid to the relevant tax authorities on their behalf, with any excess being released and any shortfall being charged to the partner as appropriate. The balance of such retentions is included in the partners' accounts, the total of which is shown within 'Amounts due to/ from partners' in the Consolidated Balance Sheet.

Tax policy

The firm is committed to being a responsible and compliant taxpayer in the countries in which it operates. We engage openly with HM Revenue & Customs and other tax authorities around the world.

Responsibility for the conduct of the firm's tax affairs lies with the firm's Finance & Operations Director and is subject to scrutiny by the Audit Committee and the Board.

Tax contribution

Allen & Overy makes significant financial contributions to the economies of the jurisdictions in which it practises through the payment of taxes by both the firm and its partners, and also by the collection of taxes from others. The total contributions are approximately £574m (2019: £569m).

Allen & Overy and its partners have paid, or will pay, taxes of over £337m in relation to the year ended 30 April 2020. Globally this amount comprises approximately £277m of profit taxes, £45m of employer's social security contributions, £10m of property taxes and £5m of other taxes.

In addition, Allen & Overy has collected approximately £237m of taxes on behalf of the governments of the jurisdictions in which we practise. £133m was collected by way of payroll and social security deductions from remuneration paid to our staff and £104m of VAT, GST and similar taxes was collected from clients.

Political donations

The LLP has no political affiliation. The firm does not make any cash donations to any political party or other groups with a political agenda.

Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be re-appointed.

Going concern

The Board has assessed the prospects of the firm over the period of at least 12 months from the date of approval of the Annual Report in the context of its current operating performance, its internal business plan and the risks facing the business as a result of the Covid-19 global pandemic. The firm has prepared a sensitivity analysis on its business plan and evaluated the impact of a severe but plausible downside scenario arising from the impact of Covid-19 on our clients, our staff and our operations, together with mitigating actions that could be implemented in such circumstances. As part of that assessment, the Board has also considered the availability of funding arrangements.

Having considered the above factors, the Board has a reasonable expectation that the Group has adequate financial resources to meet its operational needs for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements.

The firm is
committed to being
a responsible and
compliant taxpayer in the
countries in which it operates

Annual results | 1 May 2019-30 April 2020

Revenue

£1,692m

USD2,213 million; EUR1,874 million

+4%

from 2019

Profit before tax

£690m

USD902 million; EUR764 million



Governance

The firm's principal decision-making and governance bodies are the Board and the Executive Committee (Exco).

The primary purpose of the Board is the stewardship of the firm and the oversight of the executive management. The Board reviews and approves the strategy for the firm as designed by Exco and oversees its implementation. It approves the business planning processes set by Exco and holds Exco to account. The Board is also the guardian of the firm's culture and the voice of the partnership.

The Board comprises the Senior and Managing Partners, six independent partner directors (IPDs) who are elected to the positions for a four-year term, and two co-opted members. For the year ended 30 April 2020, the Board comprised Wim Dejonghe (Senior Partner), Andrew Ballheimer (Managing Partner) and the six IPDs: Laëtitia Bénard, Denise Gibson, David Lee, Christian Saunders, Daniel Shurman and Tim Stevens. Roger Lui was a co-opted member. From 1 May 2019 to 30 September 2019 Pamela Chepiga was a co-opted member. On 16 October 2019 Barbara Stettner was co-opted to the Board to replace Ms Chepiga, who has retired. In addition, the Board also benefits from the advice of the Finance & Operations Director, Jason Haines, who attends all Board meetings.

The Exco is responsible for the development and implementation of the firm's overall strategy, major initiatives, priorities and investments. It is the firm's key decision-making body and is responsible for the overall performance management of the business. For the year ended 30 April 2020, Exco comprised the Senior Partner and Managing Partner plus eight other partners (David Benton, Philip Bowden, Ian Ingram-Johnson, Astrid Krüger, Vicki Liu, Dirk Meeus and Karen Seward) from across the firm. For the period 1 May 2019 to 15 October 2019 Barbara Stettner was a member of Exco. When Ms Stettner was co-opted to the Board she was replaced on Exco by Dave Lewis. The membership of the Exco is reflective of the firm's product and geographic diversity. Exco also benefits from the advice of the four support directors: Andrew Brammer (IT & Shared Services Director); Richard Grove (Marketing, Business Development and Communications Director); Jason Haines (Finance & Operations Director); and Sasha Hardman (Human Resources Director).



The Board



Wim Dejonghe
Senior Partner – London



Gareth Price
*Managing Partner – London



Andrew Ballheimer
Partner – London



Laetitia Bénard
Partner – Paris



Denise Gibson
Partner – London



David Lee
Partner – London



Roger Lui
Partner – Hong Kong



Christian Saunders
Partner – Dubai



Daniel Shurman
Partner – London



Barbara Stettner
Partner – Washington, D.C.



Tim Stevens
Partner – Amsterdam

*Managing partner from 1st May 2020

Risk and compliance

Allen & Overy has strong institutional and integrated risk management structures, systems and procedures. The Board is Allen & Overy's overarching governing body and the principal forum for considering all substantive risk management issues.

On a day-to-day basis, risk management is undertaken by offices, practice groups and support groups at a managerial level so that local managing partners, practice group heads, and directors and heads of the support departments actively manage the business risks to which Allen & Overy is exposed.

The Board, the partners and the wider firm are supported in a number of ways.

Risk function

The Risk function, led by Simon Fuge (Partner – Risk and Compliance), consists of several different teams staffed by lawyers and analysts in the UK, the U.S. and Singapore. Between them, they deal with business acceptance, sanctions, anti-money laundering, in-house legal advice, risk management, compliance, data protection and ethical issues.

General Counsel

Andrew Clark is the firm's General Counsel and deals with internal and external contentious and reputational issues, including professional indemnity issues and client complaints, regulatory investigations, disputes and related matters.

Audit Committee

The Audit Committee, chaired by David Lee, is responsible for reviewing the Group's financial risks. The Audit Committee is appointed by the Board and consists of seven partners and one independent external member. It reviews Allen & Overy's financial statements and receives reports from the external auditors regarding the findings of the audit. It also considers the scope, results and effectiveness of internal and external audits, including reviewing the independence of external auditors and their non-audit services and fees.

Risk Committee

The Risk Committee, chaired by Andrew Clark, is appointed by the Board and consists of ten partners (including the Risk & Compliance Partner), the Global Head of Regulation and Conduct, the Head of In-House Legal, the Human Resources Director and the IT & Shared Services Director. It does not have executive powers and responsibilities but its role is to identify and assess the Group's material non-financial risks, formulate and review the Group's approach to risk, and support others with risk management responsibilities to improve the control and coordination of risk management across the Group.

Risk contacts

Allen & Overy has designated risk contacts for each office, London practice group and support department, who assist with communicating risk messages, local risk training, providing local perspectives on risk issues, and having oversight of the risk register in their jurisdiction or group. The principal risk contacts are the managing partners of each office, jurisdiction or practice group and they are supported by other designated individuals who assist with the day-to-day supervision of risk management tasks.

IT Board

Given the significance of information technology to the business, an IT Board, chaired by Gareth Price, is responsible for ensuring that we receive value for our substantial investment in IT. The IT Board has responsibility for considering potential IT investments and prioritising investment decisions. It consists of eight partners (including the Risk & Compliance Partner), the IT & Shared Services Director, the Finance & Operations Director, the Human Resources Director, the Director of Marketing and Business Development, the Chief Information Security Officer and others co-opted as required.

Reviewing risk

While we develop our own strategies and policies based on our business circumstances, we also actively engage with the concerns and priorities of our clients, our regulators (in particular the Solicitors Regulation Authority of England and Wales), government agencies and the wider legal market. The Group creates and employs a number of innovative strategies to protect and enhance the confidentiality of the information which it holds (including client data). We have a proactive approach to information security, robust information security processes and procedures and cutting-edge technological solutions, led by the firm's Chief Information Security Officer. We also regularly liaise with external agencies and experts.

We actively engage with the concerns and priorities of our clients, our regulators, government agencies and the wider legal market

Principal financial risks and uncertainties

The principal risk and uncertainty affecting the financial results of the Group is the variability of the market for premium legal advice, particularly at present in light of Covid-19. Geopolitical forces also introduce uncertainty. Management seeks to match the Group's resources to the expected demand, while expanding the Group's market share where possible and international reach where appropriate. More information on the Group's strategy is provided on pages 6 and 7.

The Group's main financial risks relate to the non-recoverability of client receivables and foreign currency risk due to the international nature of the Group. More generally, the principal risks faced by the firm and the ways in which management responds to them are as follows:

Risk	Response
<p>Covid-19 Impact on our clients, our people and pressure on earnings, margins and cash flow.</p>	<ul style="list-style-type: none"> – Weekly monitoring of cash and liquidity forecast. – Controls over non-essential expenditure. – Tracking of four key indicators – new matter intake, new client intake, billings and collections. – Covid-19 working group meeting twice-weekly to share know-how, monitor market changes and impact on clients. – Wellbeing resources made available to staff.
<p>Reputation and Brand: Damage to our reputation and brand.</p>	<ul style="list-style-type: none"> – Embedding of Allen & Overy culture in partners and staff. – Business acceptance processes covering client suitability, engagement terms and scope. – Well-disseminated global risk management policies, training and awareness programmes. – Crisis management and public relations plans. – Management of PI cases/complaints.
<p>Financial: Pressure on earnings, margins and costs.</p>	<ul style="list-style-type: none"> – Annual budgets approved by the Board. – Monthly analysis of financial results by practice group and by office. – Working capital management, including monitoring exposure to clients. – Fee management committee oversight of pricing. – People/resource planning to monitor headcount. – Cost-optimisation programmes.

Risk	Response
<p>Evolving markets: Impact of changes in legal markets and client requirements and of political, regulatory and security risks in emerging markets.</p>	<ul style="list-style-type: none"> – Diverse practice in terms of legal services offered and geographical spread. – Integrated advanced delivery group, headed by a senior partner, which comprises the firm's advanced resourcing, technology and client solution capabilities. – Efficient systems and procedures for service delivery. – Assessment and monitoring of risks posed by new and changing markets. – Secondment of partners to key management roles in client organisations. – Business continuity plans for offices which take account of security and political risks and a travel security policy. – Engagement with local regulatory authorities and lawyers to ensure compliance.
<p>Service: Delivery of service which does not meet the high quality required.</p>	<ul style="list-style-type: none"> – Planning and staffing of client instructions, including project management office. – Supervision of associates by partners. – Innovative delivery methods, eg Peerpoint, aosphere, Collaborate, BrexitMatrix, MarginMapp, MarginXchange™ and MarginMatrix™. – ISO 22301 certification in the UK for business continuity management. – Scope of work and terms of business agreed. – Institutionalising client relationships. – Integration with Fuse.
<p>People and talent: Inability to recruit, retain and develop the best people.</p>	<ul style="list-style-type: none"> – Recruitment strategies to identify and attract talent. – Appraisal, training and development programmes, including ongoing feedback. – Promotion of diversity, equal opportunities and flexible working. – Investment in professional support to capture and embed knowledge and know-how.
<p>IT, information and data security: Loss or misuse of confidential data or of the firm's IT systems.</p>	<ul style="list-style-type: none"> – Information security management system is ISO/IEC 27001: 2013 compliant. – IT technical solutions covering encryption, event monitoring and incident management, including expert internal resource to support agility and responsiveness to threats. – Physical security controls covering premises. – Personnel security and vetting controls. – Global information security training and awareness programmes. – Chief Information Security Officer oversight. – A dedicated Data Privacy Team who oversees a global programme of measures designed to ensure on-going compliance with privacy laws globally, including the EU General Data Protection Regulation.
<p>Brexit: Possible adverse impact on practices.</p>	<ul style="list-style-type: none"> – Short and medium-term review of the potential implications of Brexit for clients and the firm, both in terms of risks and opportunities, which is overseen by a firm-wide specialist group.



People and performance

Over the last 90 years, the talent, experience and commitment of our people has helped us shape the future of law and of our business.

Our clients expect the highest standards of performance and service and we have similarly high expectations of each other. Our approach to attracting and retaining the best people is driven by a focus on making sure our business is an inclusive place, where everyone has the same opportunity to develop and become successful, both personally and professionally.

Last financial year, more than ever, we have seen how our future success depends on supporting the health and wellbeing of our people, and we continue to prioritise our responsibilities as a global employer. We remain recognised in several markets as a top recruiter in the legal sector, and we have been ranked as the most attractive employer by female law students in the UK in 2020, suggesting our focus on creating an inclusive environment is working.

As a market leader, we are proud to be able to leverage our position in our community to do the right thing, leading conversations on diversity, inclusion, mental health and wellbeing in the profession and with our clients, while committing our considerable pro bono efforts to supporting those in need in our communities.

In dealing with the impact of the Covid-19 pandemic across our global business in the latter part of the financial year, we have embraced flexibility in its broadest form, creating an environment where everyone can operate and thrive whatever their individual circumstances. At a time of such uncertainty, requiring such agility of our teams, we have been able to shift rapidly the way that we deliver to our clients while never losing our focus on supporting the needs of our people.

Our culture is all about a working environment underpinned by trusting relationships and being part of a team, which is challenging and provides the opportunity to learn, and which equips our people for the future. Our leadership supports this unreservedly, delivering a tone from the top that prioritises wellbeing.

Creating an inclusive environment for a diverse range of people is a priority for the firm globally.

Health and Wellbeing

The health and wellbeing of our people is paramount. Through our Minds Matter programme, we aim to promote a culture of health, where our people can flourish and deliver healthy and sustainable high performance.

Last year, we continued to focus on engaging senior leaders to help create a more open culture where our people feel they can speak freely about their mental health. We launched our Mindful Leader training for partners, starting in London, the Middle East and Luxembourg, and we plan to reach all partners globally during the current financial year 2020-21. We have also appointed more than 40 Mental Health Advocates, who are partners and senior support professionals in every major office and practice group, to lead and sponsor our Minds Matter programme at a local level.

In May 2020, to mark Mental Health Awareness Week, A&O signed the Mindful Business Charter, along with other law firms and our clients, to focus on ways of working that reduce avoidable workplace stress. Our Advocates are taking responsibility for embedding the Charter across our business and, going forward, we are keen to find opportunities to collaborate with clients to bring the Charter to life in our interactions.

We are always looking for new ways to support our people and provide them with the tools to help them look after their own mental health. During last year, we created networks of Mental Health Allies in London, Belfast and the Middle East. These Allies are trained to offer support to their colleagues and signpost the help and resources provided by A&O and others. Following a successful pilot, all our people globally now have access to new digital tools allowing them to track, support and understand their mental wellbeing over time.

To reduce the stigma associated with mental health, we encourage discussion by welcoming expert guest speakers and sharing articles and story telling. To mark World Mental Health Day in October, six partners and senior support professionals told their own stories to highlight the importance of speaking out and knowing when to ask for help. The response from our people was overwhelmingly positive.

Finally, we recognise the importance of being able to measure and track the wellbeing of our people so, as part of our Ways of Working survey, we have introduced questions focused on mental health and, in particular, how people have been coping during the Covid-19 pandemic. These responses provide insights that allow us constantly to review our approach and develop our Minds Matter programme for the future.



Diversity and Inclusion

Creating an inclusive environment for a diverse range of people is a priority for the firm globally.

Last year, our work on race and ethnicity increased significantly, with a deep dive into our data and the use of focus groups and participation in external research to help us better understand where we need to focus our efforts to create better inclusion and grow representation of minorities, particularly at the most senior levels.

In much of this work, we are drawing out the black experience to understand what might be more challenging for this group. In the UK, we are reviewing our processes to reduce bias and we have implemented a successful mentoring scheme that we plan to expand over the coming months, as well as developing our networks and early career support for our minority colleagues.

In the U.S., our affinity networks continue to help create a culture of inclusion and we have several programmes to support minority colleagues in their careers. We are always mindful that the landscape of racial and ethnic minorities varies hugely across the parts of the world where we operate, as do the challenges and barriers our people face. We are committed to understanding these challenges and creating an approach that allows us to have a global conversation while addressing local challenges.

Last year we further strengthened the pipeline of talented women at the firm by embedding accountability for achieving our gender diversity goals, refining our processes and supporting women from the earliest stages of their career. We were delighted that 45% of our 2020 partner promotions are women and our work to maintain progress continues.

Our efforts to create an inclusive working environment for our LGBT+ community were highlighted when we were recognised as a 2019 Stonewall Top Global Employer, the second year we have been given this recognition.

A compelling promise to our people

After a successful pilot, we have now rolled out our new approach to performance development globally. Compass breaks new ground for the legal profession by enabling real-time, informed and tech-enabled feedback that supports better conversations around performance, development and career progression.

We have a market-leading skills development programme for our associates and support staff. The Allen & Overy Business School programmes develop our fee-earners to be more than specialists in their field, while the Support Academy offers support staff a series of training programmes focusing on business and soft skills.

In addition to training, sponsorship, coaching and mentoring across the network play a key role in helping our people become the best that they can be.

Finally, our Leadership Centre continues to go from strength as we expand our offering to partners, focusing on developing our leaders and identifying and developing emerging leaders across our business.



Corporate responsibility

Group structure

Our global programme of pro bono and community investment work supports access to justice, education and employment for tens of thousands of vulnerable people around the world each year.

Over the past year, our lawyers have delivered 120 hours of pro bono and community investment work every day – amounting to 43,938 hours worldwide.

A&O partners contributed a total of £2.64m to charitable funds during the year, including £1.84m via the Allen & Overy Foundation. From this, we provide grants to non-profit organisations around the world, and, to enhance the impact of our funding, offer 100 hours of pro bono support to every beneficiary of our Global Grants Programme. This, along with emergency relief donations, represents approximately 25% of A&O's grants – the rest is distributed by our network of offices to support their local communities.

An award-winning programme of work

Our pro bono and community investment work has been recognised in the Financial Times Innovative Lawyers Awards for six years running. This year, we were 'Highly Commended' for our work in Budapest to bring a successful lawsuit on behalf of 62 Roma children whose human rights had been breached because of illegal segregation in Hungary's state education system – a widespread practice that many Roma experience.

A&O Counsel, Balázs Sahin-Toth, worked alongside local lawyers to advocate for the 62 children in more than 40 court hearings to quantify in financial terms the impact of

segregation on the children's futures.

This victory – recently upheld in a significant ruling by the Supreme Court that segregation provided a lower level of education – also builds on the landmark six-year litigation won by Balázs against another school, in which the Supreme Court awarded 'moral damages' for the first time to children who had suffered segregation. Balázs' long-term work to defend the rights of Roma children has previously won the International Bar Association Pro Bono Award and an award from the President of the Hungarian Bar.

In the IFLR Asia Pacific Awards 2020, A&O has been awarded Pro bono Team of the Year in recognition of work done across our Asia Pacific offices, including defending the rights of migrant Indonesian workers and advising charities in Thailand.

Two standout projects have been researching and publishing a high-profile report showing the discrimination faced by couples in alternative relationships (other than heterosexual marriage) under Hong Kong law; and acting for five asylum seekers on their applications for permission to work in Hong Kong. The Government permanently considers refugees and their children, including any born in Hong Kong, to be illegal immigrants, meaning that in order to work they must be granted discretionary permission by the Director of Immigration. This is a long and onerous process, particularly for such a vulnerable group, but we have successfully obtained permission to work for four of our clients this year, with the fifth now on a dependant visa.





£2.64m

contributed to charitable funds during the year

£1.84m

via the Allen & Overy Foundation

Responding to the Covid-19 crisis

With the global healthcare crisis hitting the most vulnerable in society hardest and creating funding crises for charities at a time when they are needed most, our response has been both global and local. In some areas we have taken a centralised approach: for example providing emergency funding for the UNHCR to support refugees affected by the coronavirus; and enabling all charities receiving grants from A&O's Global and London Foundations – normally directed towards specific programmes – to use the funding wherever it is needed most.

We have also taken the decision to extend our global charity partnership with Hope and Homes for Children to July 2021 (see below).

The need for collaboration during this crisis is clear, so we are leading a coordinated international response across the legal sector – through our memberships of the Association of Pro Bono Counsel and the Collaborative Plan – to ensure law firms' collective efforts are efficient and effective.

Across our network, support is also being given at a local level in response to specific needs. In Belgium, we have provided IP advice to the University of Antwerp on face mask design issues; in the U.S., USD100,000 has been donated to charities working to support the most vulnerable within their local communities; in Hong Kong volunteers have packed masks to distribute to the elderly and low income families; in Frankfurt donations have been made

to provide food and hygiene essentials to the elderly; and in Belfast the team is fundraising to support a foodbank and several other local charities.

In Johannesburg, pro bono advice and donations of £50,000 are helping charity partners provide much-needed personal protective equipment (PPE), food and clean water; and in London we have donated £50,000 to support access to justice and local community organisations. Through our relationships with the Fair Education Alliance and Social Mobility Commission we are exploring how we can mitigate the impact of Covid-19 on disadvantaged young people more widely. More still is going on at an individual level, with our people continuing to volunteer at virtual legal advice clinics and provide education and employment mentoring online.

Extending our partnership with Hope and Homes for Children to support its Covid-19 response

Our global charity partnership with Hope and Homes for Children (a charity that is working to end the institutional care of children) was due to end in September 2020 and has already exceeded the overall fundraising target (having reached £1.148m). But with many charities facing huge shortfalls and uncertainties, we have a responsibility to see Hope and Homes for Children through this crisis. For vulnerable families Covid-19 is more than a healthcare issue – it is a catalyst for children being placed into institutions as families already living in poverty lose

their livelihoods and homes. Children already confined in orphanages are facing increased levels of abuse, harm and infection due to staff shortages. In many countries, Hope and Homes for Children's access to the most marginalised families has seen them become first responders, distributing food, medicines and PPE, as well as trying to protect livelihoods, uphold safeguarding standards and prevent family breakdowns.

Our next global charity partnership will certainly be shaped by the impact of this pandemic, but we do not yet know how long this will continue and who will be worst affected. So we will extend our support for Hope and Homes for Children – allowing us more time to fundraise and complete the important pro bono projects already under way (some of which have had to be delayed) – while we assess where our resources can best be directed next year.

Supporting refugees stranded on Greek islands

A&O is one of six law firms driving a pilot programme with the non-profit organisation, European Lawyers in Lesvos (ELIL), to help thousands of refugees stranded off the coast of Turkey.

Since launching the programme in August 2019, six A&O lawyers have travelled to the island of Lesvos to provide legal advice on asylum claims (another six volunteers have had to postpone their trips as a result of the Covid-19 crisis).

With support from A&O's volunteers and other partner law firms, ELIL's team has so far provided legal advice to 10,000 refugees to support their asylum claims – in a process that now takes months or, in many cases, years. 74.5% of ELIL's clients have been granted asylum compared to an average of just 46.5% in Greece. The success of the programme means it will expand to the nearby island of Samos (once the global health crisis stabilises), where over 7,000 asylum seekers are living in a camp with an official capacity of just 700.

Life-changing citizenship for children in the UK

In March this year, A&O celebrated the major milestone of helping 50 children to gain formal citizenship in the UK.

Alongside Coram Children's Legal Centre and DLA Piper, A&O launched the first ever Children's Pro Bono Legal Service in 2015, through which volunteer lawyers provide end-to-end representation to some of the most marginalised children in the UK. Tens of thousands of these children have a right in law to UK citizenship but without legal help have no way to achieve it. This means they face barriers throughout their lives as, without citizenship, they cannot obtain a passport, vote, or gain full access to healthcare and higher education.

The Service has now helped 116 children to gain British citizenship with a further 81 applications under way. This is life-changing for these young people and something they, and their children after them, will benefit from their entire lives.

The Children's Pro Bono Legal Service was recognised in the FT Innovative Lawyers awards and Legal Week Awards in 2016.

Environment

During the year the firm continued to demonstrate its commitment to environmental sustainability by addressing its most material sources of CO2 emissions and supporting UN Sustainable Development Goal 13 – Climate Action. We purchased Gold Standard Voluntary Emissions Reductions (VER) credits to offset the CO2 emissions from our global air travel for 2018. In future, we plan to offset all our global residual CO2 emissions, including aviation emissions. Just over 75% of our global electricity consumption was supplied from renewable sources in 2019.

Just over 55% of our carbon footprint is within the scope of our ISO 14001 and 50001 Environmental and Energy Management Systems at our London, Belfast and Amsterdam offices.

Environmental performance for calendar year 2019

Our reported global carbon footprint has decreased from 30,714 tCO2 equivalent (using location based emissions factors* for grid electricity) in calendar year 2018, to 29,079 tCO2 equivalent in calendar year 2019. This decrease of 5% is within the context of an increase in employee numbers and occupied floor space of 2% globally.

Our carbon footprint has therefore reduced on an absolute, per capita and per unit area basis.

The most significant reason for our reduced carbon footprint is reduced electricity consumption and reduced grid emissions factors, more than offsetting an increase in fuel consumption and air travel.

Taking into account our consumption of renewable electricity (using market based emissions factors* for grid electricity) our carbon footprint is 22,313 tCO2 equivalent.

*following the Greenhouse Gas Protocol Scope 2 guidance.

The need for collaboration during the crisis is clear...

Energy and Carbon Report

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Businesses in scope need to comply for financial years starting on or after 1 April 2019 and therefore

the SECR requirements are relevant to Allen and Overy for the first time in the Annual Report for the year ending 30 April 2020. The Group's SECR disclosures for the current financial year are shown below. Comparative information is not required in the first year of reporting.

	Year ended 30 April 2020 UK and offshore
Energy consumption used to calculate emissions: *Transport combustion of fuel has been estimated from business mileage claims, and cannot be reliably converted to kWh.	Gas: 8,178,501 kWh Electricity: 26,086,005 kWh Transport Fuel: 18,769 miles*
Emissions from combustion of gas tCO ₂ e (Scope 1)	1,503.6 tCO ₂ e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	5.2 tCO ₂ e
Emissions from purchased electricity (Scope 2, location/market based)/tCO ₂ e	6,667.6 tCO ₂ e (location based) 423.0 tCO ₂ e (market based)
Total gross tCO ₂ e based on the above (using location based Scope 2 emissions)	8,176.4 tCO ₂ e
Intensity ratio: tCO ₂ e (gross Scope 1 + 2)/m ² & FTE	0.15 tCO ₂ e/m ²

Methodology

In determining the above energy consumption figures, we have used our verified EU ETS data where it overlaps with the statutory reporting period. For data outside of the scope of the EU ETS, we have used the Greenhouse Gas Protocol reporting guidelines on scope to determine our approach.

We have used the UK Government GHG Conversion Factors for Company Reporting (2019 edition) for emissions factors used for calculations.

Emissions factors for natural gas have used a gross CV basis.

We have reported our electricity supply using a market based emissions factor, where it is supplied via a contractual instrument externally verified as being compliant with GHG Protocol Scope 2 guidance on market based emissions.

Energy Efficiency Action

In the period covered by the report, the Firm has reviewed the control of the HVAC in its London office in accordance with observations made during external ISO5000 audits. The outcomes will be reviewed during the next reporting period.

The Energy and Carbon report was approved by the partners and signed on their behalf on 24 September 2020 by



Gareth Price
Managing Partner

The names of the persons who, at any time during the financial year, were members of the LLP can be viewed at Companies House: <https://www.gov.uk/government/organisations/companies-house>

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 regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the **Regulations**), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the group financial statements in accordance with International Financial Reporting Standards (**IFRSs**) as adopted by the European Union and limited liability partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 limited liability partnership and of the profit or loss of the group and limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the limited liability partnership financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and limited liability partnership will continue in business.

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and limited liability partnership 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 responsible for the maintenance and integrity of the limited liability partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. These responsibilities are exercised by the Board on behalf of the Members.

Statement on 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 unaware; and
- the Members have taken all 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.

Approved by the partners and signed on their behalf on 24 September 2020 by



Wim Dejonghe
Senior Partner

Independent auditors' report to the Members of Allen & Overy LLP

Report on the audit of the financial statements

Opinion

In our opinion, Allen & Overy 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 2020 and of the group's profit and the group's and the limited liability partnership's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the limited liability partnership's financial statements, as applied in accordance with the provisions of the Companies Act 2006 as applied to limited liability partnerships; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the **"Annual Report"**), which comprise: the consolidated and limited liability partnership balance sheets as at 30 April 2020; the consolidated income statement and the consolidated statement of comprehensive income, the consolidated and limited liability partnership cash flow statements, and the consolidated and limited liability partnership statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of Members' responsibilities in respect of the financial statements set out on page 27, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not 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.



Darryl Phillips (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2020



Annual Financial Statements

Consolidated income statement – Year ended 30 April 2020

	Notes	2020 £m	2019 £m
Revenue from contracts with clients	5	1,692.3	1,626.9
Operating costs			
Staff costs	8	(639.3)	(610.2)
Depreciation, amortisation and impairment		(107.4)	(23.0)
Net impairment losses on financial and contract assets	27	(34.6)	(9.8)
Other operating expenses		(222.3)	(297.9)
Operating profit		688.7	686.0
Other income		12.1	23.8
Finance income	9	3.7	1.9
Finance costs	9	(14.6)	(3.9)
Profit before taxation		689.9	707.8
Taxation	10	(36.4)	(35.0)
Profit before partners' remuneration and profit shares		653.5	672.8
Partners' remuneration charged as an expense		(223.6)	(229.5)
Profit for the financial year available for division among full partners		429.9	443.3

Consolidated statement of comprehensive income – Year ended 30 April 2020

	Notes	2020 £m	2019 £m
Profit for the financial year available for division among full partners		429.9	443.3
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange gain/(loss) on translation of foreign operations		2.1	(5.7)
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	24	(12.7)	8.6
Other comprehensive income for the year		(10.6)	2.9
Total comprehensive income for the year		419.3	446.2

Consolidated balance sheet – At 30 April 2020

	Notes	At 30 April 2020 £m	At 30 April 2019 £m
Assets			
Non-current assets			
Intangible assets	11	30.0	26.0
Property, plant and equipment	12	74.4	81.9
Right of use assets	14	456.0	–
Client and other receivables	17	47.0	–
Investments	16	0.6	0.5
Retirement benefit surplus	24	52.6	64.0
		660.6	172.4
Current assets			
Client and other receivables	17	789.3	795.3
Amounts due from partners	25	2.3	54.2
Cash and cash equivalents	18	197.1	124.9
		988.7	974.4
Total assets		1,649.3	1,146.8
Liabilities			
Current liabilities			
Trade and other payables	19	(329.8)	(325.9)
Current tax liabilities		(2.0)	(7.9)
Lease liabilities	14	(91.4)	–
Provisions for other liabilities and charges	20	(7.3)	(14.3)
Partners' capital	25	(6.0)	(5.0)
		(436.5)	(353.1)
Non-current liabilities			
Trade and other payables	19	(84.9)	(95.7)
Lease liabilities	14	(467.9)	–
Provisions for other liabilities and charges	20	(84.1)	(104.6)
Partners' capital	25	(134.7)	(132.8)
		(771.6)	(333.1)
Total liabilities		(1,208.1)	(686.2)
Net assets		441.2	460.6
Equity			
Partners' other reserves		442.9	464.3
Translation reserve		(1.7)	(3.7)
		441.2	460.6
Total partners' interests			
Amounts due to/(from) partners	25	(2.3)	(54.2)
Partners' capital classed as a liability	25	140.7	137.8
Total partners' other interests	25	441.2	460.6
		579.6	544.2

The financial statements on pages 31 to 81 were authorised for issue by the partners and signed on their behalf on 24 September 2020 by:



Wim Dejonghe
Senior Partner
Allen & Overy LLP
Registered no. OC306763



Gareth Price
Managing Partner



Jason Haines
Finance & Operations Director

Limited Liability Partnership balance sheet – At 30 April 2020

	Notes	At 30 April 2020 £m	At 30 April 2019 £m
Assets			
Non-current assets			
Intangible assets	11	30.0	26.0
Property, plant and equipment	13	39.8	55.2
Right of use assets	15	331.1	–
Client and other receivables	17	46.1	–
Investments	16	10.2	10.2
Retirement benefit surplus	24	52.6	64.0
		<u>509.8</u>	<u>155.4</u>
Current assets			
Client and other receivables	17	805.4	748.3
Current tax asset		0.2	–
Amounts due from Members	25	–	22.0
Cash and cash equivalents	18	139.1	84.1
		<u>944.7</u>	<u>854.4</u>
Total assets		1,454.5	1,009.8
Liabilities			
Current liabilities			
Trade and other payables	19	(348.5)	(303.4)
Current tax liabilities		–	(7.5)
Lease liabilities	15	(74.2)	–
Provisions for other liabilities and charges	20	(7.0)	(12.4)
Amounts due to Members	25	(30.1)	–
Members' capital	25	(6.0)	(4.8)
		<u>(465.8)</u>	<u>(328.1)</u>
Non-current liabilities			
Trade and other payables	19	(54.3)	(63.3)
Lease liabilities	15	(354.4)	–
Provisions for other liabilities and charges	20	(80.3)	(99.5)
Members' capital	25	(130.6)	(129.3)
		<u>(619.6)</u>	<u>(292.1)</u>
Total liabilities		(1,085.4)	(620.2)
Net assets		369.1	389.6
Equity			
Members' other reserves at 1 May		392.4	373.5
Profit for the financial year attributable to Members		358.1	371.8
Other changes in Members' other reserves		(379.9)	(352.9)
Members' other reserves at 30 April		370.6	392.4
Translation reserve		(1.5)	(2.8)
		<u>369.1</u>	<u>389.6</u>
Total Members' interests			
Amounts to/(from) Members	25	30.1	(22.0)
Members' capital classed as a liability	25	136.6	134.1
Total Members' other interests	25	369.1	389.6
		<u>535.8</u>	<u>501.7</u>

The financial statements on pages 31 to 81 were authorised for issue by the Members and signed on their behalf on 24 September 2020 by:



Wim Dejonghe
Senior Partner
Allen & Overy LLP
Registered no. OC306763



Gareth Price
Managing Partner



Jason Haines
Finance & Operations Director

Consolidated cash flow statement – Year ended 30 April 2020

	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	22	852.2	736.2
Tax paid		(42.3)	(42.2)
Net cash inflow from operating activities		809.9	694.0
Cash flows from investing activities			
Purchase of property, plant and equipment		(28.2)	(16.6)
Purchase of intangible assets		(6.0)	(9.0)
Purchase of investments		–	(0.2)
Interest received		0.6	0.6
Receipts for finance lease receivables		9.5	–
Net cash used in investing activities		(24.1)	(25.2)
Cash flows from financing activities			
Partners' capital introduced	25	15.1	12.1
Capital repayments to partners	25	(12.2)	(8.2)
Payments to and on behalf of partners		(610.3)	(665.7)
Principal elements of lease payments (2019: Principal elements of finance lease payments)	14	(97.7)	–
Interest paid		(1.0)	(1.0)
Net cash used in financing activities		(706.1)	(662.8)
Net increase in cash and cash equivalents		79.7	6.0
Cash and cash equivalents at beginning of year		124.9	132.8
Effects of foreign exchange rate changes		(7.5)	(13.9)
Cash and cash equivalents at end of year	18	197.1	124.9

Limited Liability Partnership cash flow statement – Year ended 30 April 2020

	Notes	2020 £m	2019 £m
Cash flows from operating activities			
Cash generated from operations	23	611.2	541.9
Tax paid		(35.4)	(35.8)
Net cash inflow from operating activities		575.8	506.1
Cash flows from investing activities			
Purchase of property, plant and equipment		(9.9)	(10.3)
Purchase of intangible assets		(6.0)	(9.0)
Interest received		0.2	0.5
Receipts for finance lease receivables		9.4	-
Net cash used in investing activities		(6.3)	(18.8)
Cash flows from financing activities			
Members' capital introduced	25	14.5	11.8
Capital repayments to Members	25	(12.0)	(8.1)
Payments to and on behalf of Members		(437.2)	(488.2)
Principal elements of lease payments (2019: Principal elements of finance lease payments)		(76.3)	-
Interest paid		(0.8)	(0.9)
Net cash used in financing activities		(511.8)	(485.4)
Net increase in cash and cash equivalents		57.7	1.9
Cash and cash equivalents at beginning of year		84.1	96.3
Effects of foreign exchange rate changes		(2.7)	(14.1)
Cash and cash equivalents at end of year	18	139.1	84.1

Consolidated statement of changes in equity – Year ended 30 April 2020

	Equity 2020			Equity 2019		
	Other reserves £m	Translation reserve £m	Total £m	Other reserves £m	Translation reserve £m	Total £m
Equity at 1 May	464.3	(3.7)	460.6	443.5	6.0	449.5
Impact of IFRS 16 first time adoption at 1 May 2019	-	-	-	-	-	-
Profit for the financial year available for division among partners	429.9	-	429.9	443.3	-	443.3
Exchange gain/(loss) on translation of foreign operations	-	2.0	2.0	-	(5.7)	(5.7)
Actuarial (loss)/gain on pension scheme	(12.7)	-	(12.7)	8.6	-	8.6
Total comprehensive income for the year	417.2	2.0	419.2	451.9	(5.7)	446.2
Reclassification of translation reserve	-	-	-	4.0	(4.0)	-
Profit allocated to partners	(438.6)	-	(438.6)	(435.1)	-	(435.1)
Total transactions with partners recognised directly in equity	(438.6)	-	(438.6)	(431.1)	(4.0)	(435.1)
Equity at 30 April	442.9	(1.7)	441.2	464.3	(3.7)	460.6

Limited Liability Partnership statement of changes in equity – Year ended 30 April 2020

	Equity 2020			Equity 2019		
	Other reserves £m	Translation reserve £m	Total £m	Other reserves £m	Translation reserve £m	Total £m
Equity at 1 May	392.4	(2.8)	389.6	373.5	4.3	377.8
Impact of IFRS 16 first time adoption at 1 May 2019	-	-	-	-	-	-
Profit for the financial year attributable to Members	358.1	-	358.1	371.8	-	371.8
Exchange gain/(loss) on translation of foreign operations	-	1.3	1.3	-	(3.1)	(3.1)
Actuarial (loss)/gain on pension scheme	(12.7)	-	(12.7)	8.6	-	8.6
Total comprehensive income for the year	345.4	1.3	346.7	380.4	(3.1)	377.3
Reclassification of translation reserve	-	-	-	4.0	(4.0)	-
Profit allocated to Members	(367.2)	-	(367.2)	(365.5)	-	(365.5)
Total transactions with Members recognised directly in equity	(367.2)	-	(367.2)	(361.5)	(4.0)	(365.5)
Equity at 30 April	370.6	(1.5)	369.1	392.4	(2.8)	389.6

Notes to the financial statements

Year ended 30 April 2020

1 BASIS OF PREPARATION

These financial statements consolidate the financial statements of Allen & Overy LLP (the **LLP**) and its subsidiary undertakings (the **Group**) for the year ended 30 April 2020. **Allen & Overy** is the collective name for an international legal practice comprising the LLP and its subsidiary undertakings. In these financial statements the terms 'the Group' and 'Allen & Overy' are interchangeable.

The term **partner** in these financial statements refers to a Member of the LLP, or an employee or consultant with equivalent standing and qualifications, or an individual with equivalent status in one of the LLP's subsidiary undertakings. The term **Member** refers only to a Member of the LLP. The term **full partner** refers to partners remunerated entirely by profit sharing points.

Where a partner receives their remuneration as an employee or a consultant, this is shown under the heading 'Partners' remuneration charged as an expense' in the Consolidated income statement.

No individual income statement is presented for the LLP as permitted by section 408 of the Companies Act 2006 as applied to limited liability partnerships.

2 ADOPTION OF NEW AND REVISED STANDARDS

The Group and LLP has applied the following standards and amendments for the first time for the annual reporting period commencing 1 May 2019:

- IFRS 16 Leases;
- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
- Interpretation 23 'Uncertainty over Income Tax Treatments'.

The Group had to change its accounting policies as a result of adopting IFRS16 – details on the impact of first time adoption are provided below. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect current or future periods.

Change in Accounting Policy – IFRS 16 ' Leases'

This note explains the impact of first time adoption of IFRS 16 ' Leases' on the Group and LLP's financial statements. The updated accounting policy is disclosed in note 3 below.

The Group and LLP has adopted IFRS 16 ' Leases' prospectively from 1 May 2019. Due to the number of leases and age of the lease portfolio, the Group elected not to adopt the new rules retrospectively. Instead the Group has adopted the simplified modified transition method whereby the right-of-use assets are measured at an amount equal to the present value of the lease liability at transition date. This means that there is no cumulative adjustment recognised against equity on 1 May 2019, and comparatives for the 2019 reporting period have not been restated, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 May 2019.

On 1 May 2019, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 May 2019. The weighted average lessee's incremental borrowing rate applied to the

lease liabilities on 1 May 2019 was 2.2%. Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and onerous lease provisions recognised in the balance sheet as at 30 April 2019.

The impact of first time adoption on the financial statements was as follows:

Impact of first time adoption	1 May 2019 £m
Initial recognition of right of use assets	459.2
Initial recognition of lease receivables	65.3
Initial recognition of lease liabilities	(553.2)
Reclassification of dilapidation asset to right of use asset	(11.9)
Reclassification of onerous lease provision to right of use asset	28.4
Reclassification of lease accruals to right of use asset	19.2
Reclassification of lease prepayments to right of use asset	(7.0)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous and valuation of onerous lease provision (£28.4m) as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made in applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

As at 30 April 2019, the Group had classified all of its leases as operating leases and had non-cancellable operating lease commitments of £631.9m (see note 14).

This amount differs from the lease liability recognised on 1 May 2019 due to the following reasons:

- leases with a remaining lease term of less than 12 months have been accounted for as short-term leases, therefore no lease liability has been recognised in respect of the outstanding commitments for these leases;
- the lease liability recognised under IFRS 16 includes the impact of payments beyond the contractually committed term for leases with lease extensions where there is reasonable certainty that the extension will be exercised;
- the lease liability has been determined using discounted future cash flows.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 April 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SIGNIFICANT ACCOUNTING POLICIES

Going concern

The Group had £197.1m of cash at 30 April 2020 (2019: £124.9m). In common with other businesses, the impact of Covid-19 on global economic conditions means that demand for our services could be affected. In addition, liquidity pressure on our clients and subtenants could also have an adverse effect on the business. However, the Group has considerable financial resources and benefits from being international, working across a range of clients and sectors and providing legal services for a diversified range of transactions, hence spreading our risk. In addition, the Group has considerable discretion over the amount and timing of any cash distributions to partners.

The Board has assessed the prospects of the firm over the period of at least 12 months from the date of approval of the Annual Report in the context of its current operating performance, its internal business plan and the risks facing the business as a result of the Covid-19 global pandemic. The firm has prepared a sensitivity analysis on its business plan and evaluated the impact of a severe but plausible downside scenario arising from the impact of Covid-19 on our clients, our staff and our operations, together with mitigating actions that could be implemented in such circumstances. As part of that assessment, the Board has also considered the availability of funding arrangements.

Having considered the above factors, the Board has a reasonable expectation that the Group has adequate financial resources to meet its operational needs for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements.

Basis of accounting

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (**IFRS**) and International Financial Reporting Interpretation Committee (**IFRIC**) interpretations adopted for use in the European Union and issued and effective as at 30 April 2020, and with those parts of the Companies Act 2006 applicable to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The financial statements have been prepared on the historical cost basis. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the LLP and its subsidiary undertakings. Subsidiary undertakings are all entities over which the group has control, which may be partnerships or separate corporate entities. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intra-group balances and transactions are eliminated in the consolidated financial statements.

Revenue from contracts with clients

Revenue from contracts with clients represents amounts chargeable to clients for professional services provided during the year, including legal services, client placements and subscriptions to information solutions provided through electronic formats to clients. Revenue includes expenses and excludes sales tax.

Legal services are provided under variable, time-based contracts, or fixed, capped or alternative success/abort based billing arrangements. Revenue from providing these services is recognised in the accounting period in which the services are rendered because the client receives and uses the benefit simultaneously. For variable, time-based contracts, revenue is recognised in the amount to which the Group has a right to invoice. For fixed or capped fee arrangements, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of total services to be provided. Where the right to receive payment is contingent on factors outside the control of Allen & Overy, revenue is only recognised (over and above any agreed minimum fee) when the contingent event occurs. Revenue from client placements is recognised once services have been provided and is billed on a monthly basis or other client-agreed terms. For subscriptions' revenue, where the performance obligation in the contract is transferred at the point access is provided to the online content, revenue is recognised on time-based recognition principles, matching the delivery of the subscription service.

Services provided to clients that have not been billed at the balance sheet date have been recognised as revenue. Unbilled revenue is a contract asset that is included in client and other receivables. Where individual on-account billings exceed revenue on client assignments, the excess is classified as a contract liability held within trade and other payables.

Other income

Other income mainly represents operating lease rental income received from the sublease of surplus office space.

Exceptional items

Exceptional items are disclosed separately in the financial statements, where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items that are material, either because of their size or their nature, and that are non-recurring, and are presented within the line items to which they best relate.

Property, plant and equipment

Property, plant and equipment is stated at cost (original purchase price and construction costs), net of depreciation and any provision for impairment.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised as income.

Depreciation is provided to write off the cost, less the estimated residual value, of the relevant assets by equal instalments over their estimated useful economic lives, which are as follows:

Leasehold improvements	The shorter of the period of the lease, the expected use of the property, and ten years
Furniture, fixtures and fittings	The shorter of five years and the expected use of the asset
Computer equipment	Two to five years
Motor vehicles	Five years

The assets' residual values and useful economic lives are reviewed, and if necessary adjusted, at each balance sheet date.

Internally generated intangible assets

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to sell or use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful life, which does not exceed five years. Computer software under development is not amortised. Amortisation starts from the date on which the software is available for use. If a decision is made to abandon development then the cost is immediately expensed.

Impairment of property, plant and equipment, intangible assets and right of use assets

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment, intangible assets and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the cash generating unit (CGU) to which the asset belongs is estimated in order to determine the extent of any impairment loss. If the recoverable amount of the CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and the impairment loss recognised as an expense immediately.

Leases

As noted above under 'New and amended standards adopted by the Group', the Group has changed its accounting policy for leases where the group is a lessee, and is impacted by associated changes in the classification of subleases where the Group acts as lessor. The Group has applied IFRS 16, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Group as lessee

Accounting policy applied from 1 May 2019

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of six months to 25 years but may have extension periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased asset that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for characteristics specific to the lease, for example term, country, currency and security and adjusted for credit risk of the lease holding entity.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost, with both elements being presented within cash flows from financing activities in the cash flow statement. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases, i.e. those with a lease term of 12 months or less, are recognised on a straight-line basis as an expense in profit or loss, as are lease payments associated with low-value assets. These payments are presented within cash flows from operating activities in the cash flow statement.

Accounting policy applied until 30 April 2019

Until 30 April 2019 leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. Finance leases were capitalised at the lease commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, were included in other long-term payables. The interest element of the finance cost was charged to the income statement over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the shorter of the useful life of the asset and the lease term.

All other leases were classified as operating leases. Operating lease rentals where the Group was a lessee were charged to the income statement in equal amounts over the lease term from the date on which the asset became available for use. Benefits received and receivable as an incentive to enter into an operating lease were also spread on a straight line basis over the lease term.

During the year ended 30 April 2019 all of the Group's leases were classified as operating leases.

Group as lessor

Accounting policy applied from 1 May 2019

The Group sublets certain parts of its office premises. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemptions described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Initial direct costs incurred in negotiating and arranging an operating lease and any benefits payable as an incentive to enter into the operating lease are also spread on a straight line basis over the lease term.

When the Group has determined that the lease is a finance lease, upon lease commencement it recognises a lease receivable at an amount equal to the net investment in the lease; this is the present value of the aggregate of lease payments receivable by the lessor and any unguaranteed residual value. Lease receivables are included within 'client and other receivables' on the face of the balance sheet. The Group assesses, on a forward-looking basis, the expected credit losses associated with lease receivables, applying the general approach as permitted by IFRS 9. An expected 12-month credit loss is recognised upon initial recognition of the lease receivable and at each reporting date thereafter, provided there had been no significant

increase in credit risk. When credit risk is determined to have increased significantly since the last reporting date, an expected lifetime credit loss is recognised (see note 27 for further details on how expected lifetime losses are measured). Lease receivables are written off in whole or in part where there is no reasonable expectation of recovery. Loss allowances and impairment losses are recognised in the income statement within 'Net impairment losses on financial and contract assets'.

The Group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment. Finance income on lease receivables is included within 'Other income'.

Accounting policy applied until 30 April 2019

The accounting policies applicable to the Group as lessor in the comparative period were not different to IFRS 16. However, when the Group was an intermediate lessor the subleases were classified with reference to the underlying asset rather than with reference to the head lease. For example, the term of a property sublease was previously compared to the economic life of the property, but is now compared to the term of the head lease. Similarly, the present value of lease payments is now compared to the fair value of the right-of-use asset, instead of the underlying asset, when assessing whether it is for substantially all of the fair value. Since the head lease for a property lease or the fair value of the right-of-use asset is often smaller than the life or fair value of the underlying property, there is now an increased likelihood that subleases are classified as finance leases.

For the Group, this means that various subleases which were classified as operating leases in the comparative period are classified as finance leases in the current reporting period.

Investments

Investments in subsidiaries are stated at cost, less provision for impairment. Investments are considered to be impaired when their carrying value is greater than their estimated recoverable amount. Quoted and unquoted shares classified as at fair value through profit or loss are measured at fair value through the income statement.

Client and other receivables and intercompany balances

Client and other receivables are initially recognised at the amount of consideration that is unconditional. The Group holds client receivables with the objective of collecting the contractual cash flows, and so they are subsequently measured at amortised cost using the effective interest method.

The Group assesses, on a forward-looking basis, the expected credit losses associated with client and other receivables carried at amortised cost. The Group applies the simplified approach permitted by IFRS 9 (other than to lease receivables where the general method is applied, as noted above). The simplified method requires expected lifetime credit losses to be recognised from initial recognition of the receivables (see note 27 for further details on how expected lifetime losses are measured). Client and other receivables are specifically provided for or written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include significant financial difficulties of the debtor and default or delinquency in payments. Loss allowances and impairment losses are recognised in the income statement within 'Net impairment losses on financial and contract assets'.

The LLP initially measures intercompany receivables at the amount of consideration that is unconditional. The LLP holds intercompany receivables with the objective of collecting the contractual cash flows, and so they are subsequently measured at amortised cost using the effective interest method. The LLP assesses, on a forward-looking basis, the expected credit losses associated with intercompany loans carried at amortised cost using the general method and recognises 12-month or lifetime expected credit losses as appropriate.

Cash and cash equivalents

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

Trade and other payables

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

Taxation

In most locations, including the UK, the taxation payable on the profits of limited liability partnerships is the personal liability of the equity partners and hence is not shown in these financial statements. A retention from profit distributions is made to fund the taxation payments on behalf of equity partners. These retentions are included within 'Amounts due to/from partners'.

The tax expense in the Consolidated income statement represents the sum of the current and deferred tax relating to the corporate subsidiaries and branches that are subject to tax based on their profits.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates that have been enacted or substantially enacted by the balance sheet date in the relevant country. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Foreign currencies

The individual financial statements of each of the Group's operations are presented in the currency of the primary economic environment in which it operates (its functional currency).

Transactions denominated in currencies other than the functional currency of the operation are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities not denominated in the functional currency at the balance sheet date are translated at the rates ruling at that date. Translation differences to functional currencies are dealt with in the income statement.

For the purpose of the consolidated financial statements the results and financial position of each operation are expressed in Sterling, which is the functional currency of the largest branch of the LLP, and the presentation currency for the consolidated financial statements.

The results of operations where the functional currency is not Sterling are translated at the average rates of exchange for the period, and their balance sheets at the rates ruling at the balance sheet date. Differences arising on translation of the opening net assets and results of such operations are reported in the Consolidated statement of comprehensive income. Where loans are made from the UK LLP to international branches or subsidiaries, these are not deemed to be permanent in nature and therefore any exchange differences on consolidation are recorded in the income statement.

Partners' capital denominated in currencies other than Sterling is translated at the rates ruling on the balance sheet date. Any translation differences are reported in the Consolidated income statement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation and that a reliable estimate can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. The increase during the year in the discounted amount arising from the passage of time and the effect of any change in the discount rate is charged to the income statement as a finance cost. For further details on the specific recognition and measurement criteria applied to each main category of provision, see Note 20.

Retirement benefit obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined benefit plan sets out an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the balance sheet in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

For defined contribution plans the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Partners' and Members' capital and reserves

Partners are required to contribute capital or make subordinated loans in proportion to the number of profit sharing points allocated to them and by reference to the Capital Unit per profit sharing point. The value of the Capital Unit is assessed annually, with any changes becoming effective on 1 May. Capital or subordinated loans are repaid to partners following their retirement from Allen & Overy.

In the event of the LLP going into administration or being wound up, partner capital and subordinated loans within the LLP generally rank after debts due to unsecured creditors who are not Members.

Amounts due to partners whose remuneration is charged as an expense are included in 'Trade and other payables'.

The translation reserve comprises all foreign exchange translation differences arising on the results and financial position of subsidiaries and overseas branches which do not report in the Group's reporting currency.

Other reserves comprise principally undistributed profits arising in the current and previous periods available for distribution in the future.

4 Critical accounting estimates and judgements

The preparation of consolidated and LLP financial statements under IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities.

The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and that constitute management's best judgement at the date of the financial statements. In the future actual outcomes could differ from those estimates and adjustments could be required in future periods. Where appropriate, present values are calculated using discount rates reflecting the maturity of items being valued.

Management considers the key judgement impacting the financial statements to be the judgement regarding the extension and termination options for leases, which involves assessing the lease term based on the likelihood of lease options being exercised. This judgement is set out in the relevant accounting policy. For the impact of the judgement, see note 14.

The principal estimate that could have a significant effect on the Group's financial results is as follows:

- Revenue recognition and the valuation of unbilled client work (note 17) – estimating the stage of contract completion, including estimating the costs still to be incurred, assessing the likely engagement outcome and assessing the unbilled amounts for client work.

In addition management uses estimates in the following areas, though the impact on the financial results is not individually significant and therefore we do not consider these estimates to give rise to risk of material adjustment in the next financial year:

- Defined benefit schemes (note 24) and former partner annuities (note 20) – determining the actuarial assumptions to be applied in estimating the defined benefit obligation for each scheme, with the key actuarial assumptions being discount rate, inflation and life expectancy.
- Provisions for early retirement of partners/former partners (note 20) – estimating the level of profit for future years.
- Provisions for claims – assessing the probable outcome of claims and estimating the level of costs incurred in defending and concluding such matters.
- Impairment of client receivables, lease receivables and contract assets (note 27) – assessing risk of default and estimating expected loss rates.
- Impairment of right of use assets – assessing future sublet income in determining the recoverable amount of the relevant cash generating unit.
- Impairment of property, plant and equipment and intangible assets – assessing the remaining useful life and recoverable amount.

Further details of the above are set out in the related notes to the financial statements.

5 Revenue from contracts with clients

The Group derives revenue from professional services and subscriptions in the following major geographical regions

	2020 £m	2019 £m
UK	652.8	633.3
Continental Europe	545.3	512.5
Asia Pacific	241.0	244.5
Americas	150.4	136.4
Middle East & Africa	102.8	100.2
	<u>1,692.3</u>	<u>1,626.9</u>

6 Profit before taxation

	2020 £m	2019 £m
Profit before taxation is stated after charging/(crediting):		
Depreciation of property, plant and equipment	24.1	23.0
Depreciation of right of use assets	79.3	–
Amortisation of intangible assets	2.0	–
Loss on sale of property, plant and equipment	0.3	0.2
Impairment charge on right of use assets	1.8	–
Net impairment losses on financial and contract assets	34.6	9.8
Net foreign exchange gain	(2.9)	(9.1)
Sublease rental income	(7.3)	(21.8)

7 Auditors' remuneration

Fees payable to PricewaterhouseCoopers LLP and their associates are shown below:

	2020 £m	2019 £m
Fees payable to the LLP's auditors for the audit of the LLP's and the Group's consolidated financial statements:	0.6	0.5
Fees payable to the LLP's auditors and its associates for other services:		
– The audit of the LLP's subsidiary undertakings pursuant to legislation	0.2	0.2
– Other services pursuant to legislation	0.3	0.2
– Taxation compliance services	1.3	0.9
– Taxation advisory services	0.2	0.5
– Other assurance and transaction services	1.2	2.4
	<u>3.8</u>	<u>4.7</u>

8 Staff and staff costs

	Consolidated		Limited Liability Partnership	
	2020 No.	2019 No.	2020 No.	2019 No.
The average number of partners and employees during the year was:				
Partners	553	536	389	382
Lawyers and other fee earners	2,633	2,517	1,747	1,687
Support staff	2,295	2,284	1,355	1,360
	<u>5,481</u>	<u>5,337</u>	<u>3,491</u>	<u>3,429</u>

	2020 £m	2019 £m	2020 £m	2019 £m
Staff costs incurred during the year were:				
Salaries (including staff bonus)	512.3	486.3	361.2	345.3
Social security costs	44.2	41.8	35.1	33.1
Pension costs	20.3	19.1	16.4	15.4
Other costs (such as staff development, recruitment, medical expenses, and the cost of temporary staff)	62.5	63.0	55.4	54.9
	<u>639.3</u>	<u>610.2</u>	<u>468.1</u>	<u>448.7</u>

9 Finance income and costs

	2020 £m	2019 £m
Finance income		
Interest receivable on bank deposits	0.6	0.5
Finance income on lease receivables (note 14)	1.4	–
Net finance income on retirement benefits plan (note 24)	1.7	1.4
	<u>3.7</u>	<u>1.9</u>
Finance costs		
Interest payable on bank loans and overdrafts	(0.9)	(1.1)
Unwinding of discount on lease liabilities (note 14)	(11.6)	–
Unwinding of discount and effect of change in discount rate on provisions (note 20)	(2.1)	(2.8)
	<u>(14.6)</u>	<u>(3.9)</u>

10 Taxation

	2020 £m	2019 £m
Current tax on profits for the year	36.0	32.5
Adjustments in respect of prior years	0.4	2.5
Total current tax	<u>36.4</u>	<u>35.0</u>

In most locations, including the UK, any income tax payable on the profits allocated to partners is the personal liability of the partners and hence is not shown within the tax charge in these financial statements.

In some other locations the income tax payable on the allocation of profits to partners is the personal liability of the partners resident in that location but the element payable by the partners not resident in that location is the liability of the LLP. Only the latter amounts are reflected in these financial statements.

	2020 £m	2019 £m
Profit before taxation	689.9	707.8
Less: Amounts subject to personal tax	(550.3)	(585.8)
Profits subject to taxation	<u>139.6</u>	<u>122.0</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average UK corporation tax rate applicable to profits of the Group as follows:

	2020 £m	2019 £m
Profits subject to tax	<u>139.6</u>	<u>122.0</u>
At UK corporation tax of 19% (2019 – 19%)	26.5	23.2
Tax effects of:		
Different tax rates and bases in other jurisdictions	8.4	8.0
Unrelieved losses	1.1	1.3
Adjustment in respect of prior years	0.4	2.5
Current year charge for the year	<u>36.4</u>	<u>35.0</u>

11 Intangible assets

	Consolidated and Limited Liability Partnership	
	2020 £m	2019 £m
Internally generated IT software		
Cost		
At 1 May	44.9	35.9
Additions	6.0	9.0
At 30 April	50.9	44.9
Accumulated Amortisation		
At 1 May	18.9	18.9
Charge for year	2.0	-
At 30 April	20.9	18.9
Net book value		
At 30 April	30.0	26.0

£nil (2019: £26.0m) of the cost and net book value relates to assets under development. During the current year, the assets previously held as assets under development were completed and have been amortised from the date they were brought into use.

12 Property, plant and equipment – consolidated

	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Motor vehicles £m	Total £m
Cost					
At 1 May 2018	250.6	66.6	94.7	0.3	412.2
Currency translation adjustments	0.7	(0.4)	0.3	–	0.6
Additions	7.4	3.3	5.9	–	16.6
Disposals	(4.9)	(2.1)	(0.6)	–	(7.6)
At 1 May 2019	253.8	67.4	100.3	0.3	421.8
Reclassification to right of use assets upon transition to IFRS16	(11.9)	–	–	–	(11.9)
Currency translation adjustments	2.7	0.4	0.8	–	3.9
Additions	15.8	5.7	6.7	–	28.2
Disposals	(27.7)	(12.1)	(60.9)	–	(100.7)
At 30 April 2020	232.7	61.4	46.9	0.3	341.3
Accumulated Depreciation					
At 1 May 2018	188.7	56.5	78.6	0.2	324.0
Currency translation adjustments	0.3	(0.4)	0.4	–	0.3
Charge for year	12.8	4.0	6.2	–	23.0
Disposals	(4.8)	(2.0)	(0.6)	–	(7.4)
At 1 May 2019	197.0	58.1	84.6	0.2	339.9
Currency translation adjustments	2.0	0.5	0.8	–	3.3
Charge for year	11.5	3.9	8.7	–	24.1
Disposals	(27.4)	(12.1)	(60.9)	–	(100.4)
At 30 April 2020	183.1	50.4	33.2	0.2	266.9
Net Book Value					
At 30 April 2020	49.6	11.0	13.7	0.1	74.4
At 30 April 2019	56.8	9.3	15.7	0.1	81.9

Leased assets

As at 30 April 2019 there were no assets included within Property, Plant and Equipment where the Group was the lessee under finance leases classified in accordance with IAS 17. From 1 May 2019 leased assets are presented as a separate line item in the balance sheet: see note 14.

13 Property, plant and equipment – Limited Liability Partnership

	Leasehold improvements £m	Furniture, fixtures and fittings £m	Computer equipment £m	Motor vehicles £m	Total £m
Cost					
At 1 May 2018	206.0	44.7	77.4	–	328.1
Currency translation adjustments	0.9	–	0.6	–	1.5
Additions	4.5	1.5	4.3	–	10.3
Disposals	–	(0.3)	(0.1)	–	(0.4)
At 1 May 2019	211.4	45.9	82.2	–	339.5
Reclassification to right of use assets upon transition to IFRS16	(10.0)	–	–	–	(10.0)
Currency translation adjustments	2.3	0.8	0.5	–	3.6
Additions	3.1	2.0	4.8	–	9.9
Disposals	(14.1)	(7.1)	(55.3)	–	(76.5)
At 30 April 2020	192.7	41.6	32.2	–	266.5
Accumulated depreciation					
At 1 May 2018	164.5	39.6	64.8	–	268.9
Currency translation adjustments	0.9	(0.1)	0.4	–	1.2
Charge for year	8.3	2.1	4.2	–	14.6
Disposals	–	(0.3)	(0.1)	–	(0.4)
At 1 May 2019	173.7	41.3	69.3	–	284.3
Currency translation adjustments	1.7	0.8	0.6	–	3.1
Charge for year	7.3	2.1	6.4	–	15.8
Disposals	(14.1)	(7.1)	(55.3)	–	(76.5)
At 30 April 2020	168.6	37.1	21.0	–	226.7
Net Book Value					
At 30 April 2020	24.1	4.5	11.2	–	39.8
At 30 April 2019	37.7	4.6	12.9	–	55.2

Leased assets

As at 30 April 2019 there were no assets included within Property, Plant and Equipment where the LLP was the lessee under finance leases classified in accordance with IAS 17. From 1 May 2019 leased assets are presented as a separate line item in the balance sheet: see note 15.

14 Leases – consolidated

The Group leases various offices and equipment under non-cancellable leases expiring within three months to 12 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

As noted above under Note 2 'New and amended standards adopted by the Group', the Group has changed its accounting policy for leases where the Group is a lessee, and is impacted by associated changes in the classification of subleases where the Group acts as lessor. The Group has applied IFRS 16 in the current year, but has elected not to restate comparative information. As a result, the comparative information provided below continues to be accounted for in accordance with IAS 17 under the Group's previous accounting policy.

INFORMATION RELEVANT TO THE CURRENT YEAR UNDER IFRS 16:

Group as a lessee

Right of use assets	Property £m	Equipment and Vehicles £m	Total £m
Cost			
Upon first time adoption of IFRS 16 on 1 May 2019	456.9	2.3	459.2
Currency translation adjustments	4.0	0.1	4.1
Additions	92.3	1.0	93.3
Disposals	(19.2)	-	(19.2)
At 30 April 2020	534.0	3.4	537.4
Accumulated depreciation and impairment charges			
Upon first time adoption of IFRS 16 on 1 May 2019	-	-	-
Currency translation adjustments	0.3	-	0.3
Depreciation charge for year	78.4	0.9	79.3
Impairment loss	1.8	-	1.8
At 30 April 2020	80.5	0.9	81.4
Net Book Value			
At 30 April 2020	453.5	2.5	456.0

Lease liabilities	2020 £m
Maturity analysis – contractual undiscounted cash flows	
Less than one year	100.0
One to five years	344.4
More than five years	142.7
Total undiscounted lease liabilities	587.1
Lease liabilities included in the statement of financial position	
Current	91.4
Non-current	467.9
	559.3

Movements in the lease liability during the year were as follows:	2020 £m
Recognised on adoption of IFRS 16 (note 2)	553.2
Cash flows	(97.7)
Interest expense	11.6
Acquisitions	93.4
Foreign exchange adjustments	(1.2)
Lease liability at 30 April 2020	559.3

The total cash outflow in the year ended 30 April 2020 for all leases, including short-term leases that are not capitalised, was £100.6m.

Amounts recognised in the statement of profit or loss for lease contracts where the Group acts as lessee:	2020 £m
Depreciation charge for right of use assets	79.3
Impairment loss on right of use property	1.8
Interest expense (within finance costs)	11.6
Rent expense for short-term or low value leases (within operating expenses)	4.8

Significant judgements

Extension and termination options are included in a number of property and equipment leases across the Group. These are used for operational flexibility. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the likelihood of extension or termination, consideration is made of termination penalties, the remaining value of leasehold improvements, and the costs and business disruption required to replace the leased asset.

For leases of office premises and equipment, most extension options have not been included in the lease liability because the Group would not suffer significant termination penalties.

As at 30 April 2020, potential future cash flows of £155.3m (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in lease liabilities and right of use assets of £40.5m.

Group as lessor

Operating leases

The Group subleases some of its office premises. The Group has classified certain of these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to ownership of the assets. The carrying value at 30 April 2020 of right of use property assets that are sublet under operating lease is £12.0m.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020 £m
Less than one year	1.1
One to two years	1.6
Total undiscounted lease payments	2.7

Finance leases

The Group has also classified certain subleases as finance leases, because the sublease is for the whole or substantially all of the remaining term of the head lease.

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2020 £m
Less than one year	11.6
One to two years	17.2
Two to three years	12.5
Three to four years	11.1
Four to five years	11.0
More than five years	15.1
Total undiscounted lease payments	78.5
Unearned finance income	(5.0)
Net investment in the lease	73.5
Loss allowance on finance lease receivables (note 27)	(16.7)
Lease receivables	
Current	9.8
Non-current	47.0

Amounts recognised in the statement of profit or loss for lease contracts where the Group acts as lessor:	2020 £m
Operating lease – lease income	7.3
Finance lease - Finance income on the net investment in the lease	1.4
Finance leases – Loss allowance (note 27)	(16.7)

Details regarding the Group's impairment policies and the calculation of the loss allowance on finance lease receivables, along with information about the Group's and LLP's exposure to credit risk and foreign currency risk, are provided in note 27.

The total cash inflow in the year ended 30 April 2020 from all leases (including those classified as both operating leases and finance leases) was £16.7m.

INFORMATION RELEVANT TO THE YEAR ENDED 30 APRIL 2019 UNDER IAS 17:

OPERATING LEASE COMMITMENTS

Group as a lessee

During the year ended 30 April 2019, the Group recognised a cost of £101.2m in profit or loss for the year (within operating expenses) for lease payments under operating leases where the Group acts as lessee.

As at 30 April 2019, commitments for minimum lease payments in relation to non-cancellable operating leases were payable as follows:

	Land & Buildings	Other
	2019 £m	2019 £m
Within one year	107.0	1.5
Within two to five years	365.0	2.6
In more than five years	155.8	–
	627.8	4.1

Group as a lessor

During the year ended 30 April 2019, the Group recognised income of £21.8m in profit or loss for the year (within other income) for rent receivable from subleases where the Group acts as lessor.

As at 30 April 2019, minimum amounts to be received under non-cancellable operating subleases for land and buildings, were receivable as follows:

	Land & Buildings
	2019 £m
Within one year	17.8
Within two to five years	53.2
In more than five years	22.3
	93.3

15 Leases – Limited Liability Partnership

Right of use assets	Property £m	Equipment and Vehicles £m	Total £m
Cost			
Upon first time adoption of IFRS 16 on 1 May 2019	367.2	0.7	367.9
Currency translation adjustments	3.1	–	3.1
Additions	41.7	0.5	42.2
Disposals	(19.2)	–	(19.2)
At 30 April 2020	392.8	1.2	394.0
Accumulated depreciation and impairment charges			
Upon first time adoption of IFRS 16 on 1 May 2019	–	–	–
Currency translation adjustments	0.2	–	0.2
Depreciation charge for year	60.5	0.4	60.9
Impairment loss	1.8	–	1.8
At 30 April 2020	62.5	0.4	62.9
Net Book Value			
At 30 April 2020	330.3	0.8	331.1

Lease liabilities	2020 £m
Current	74.2
Non-current	354.4
	428.6

Movements in the lease liability during the year were as follows:	2020 £m
Recognised on adoption of IFRS 16 (note 2)	456.8
Cash flows	(76.3)
Interest expense	8.8
Acquisitions	42.3
Foreign exchange adjustments	(3.0)
Lease liability at 30 April 2020	428.6

16 Investments

The LLP has investments in the following subsidiaries:

Name of entity	Address of the registered office	Activity	Proportion of ordinary shares or ownership
Allen & Overy (Asia) Pte. Limited	50 Collyer Quay, #09-01 OUE Bayfront, Singapore, 049321	Supply of legal services	100%
Allen & Overy (Hong Kong) Limited	9th Floor, Three Exchange Square, Central, Hong Kong	Service company	100%
Allen & Overy Legal Services	One Bishops Square, London E1 6AD, United Kingdom	Supply of legal services	100%
Allen & Overy Service Company Limited	One Bishops Square, London E1 6AD, United Kingdom	Service company	100%
Allen & Overy Services Italy srl	Via Ansperto 5, 20123 Milano, Italy	Service company	100%
Allen & Overy Serviços de Consultoria Limitada	São Paulo, State of São Paulo, at Rua das Olimpíadas, 100, 10º andar, conjunto 101, sala A, Vila Olímpia, CEP 04551-000	Service company	100%
Allen & Overy (SSF) Limited	One Bishops Square, London E1 6AD, United Kingdom	Service company	100%
Allen & Overy (Holdings) Limited	One Bishops Square, London E1 6AD, United Kingdom	Supply of legal services	100%
Cong Ty Luat Trach Nhiemhuu Han Allen & Overy (Vietnam)	(a) Ho Chi Minh City office: 39th Floor, Bitexco Financial Tower, 2 Hai Trieu, District 1, Ho Chi Minh City, Vietnam; and (b) Level 5, Leadvisors Place Building, 41A Ly Thai To Street, Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam	Supply of legal services	100%
A.O. Services	One Bishops Square, London E1 6AD, United Kingdom	Trustee company	100%
First Combined Trust	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Allen & Overy (Trustee) Limited	One Bishops Square, London E1 6AD, United Kingdom	Trustee company	100%
Allen & Overy (London) Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Fleetside Legal Representative Services Limited	One Bishops Square, London E1 6AD, United Kingdom	Holding company	100%
Allen & Overy Pension Trustee Limited	One Bishops Square, London E1 6AD, United Kingdom	Trustee company	100%
Alnery Incorporations No. 1 Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Alnery Incorporations No. 2 Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Peerpoint Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Allen & Overy (Legal Advisers) Limited	One Bishops Square, London E1 6AD, United Kingdom	Holding company	100%
A&O (Legal Advisers) Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
Newchange Limited	One Bishops Square, London E1 6AD, United Kingdom	Dormant	100%
The Allen & Overy Foundation	One Bishops Square, London E1 6AD, United Kingdom	Charitable company	100%
Alnery Secretarial (Hong Kong) Limited	9th Floor, Three Exchange Square, Central, Hong Kong	Company secretarial services	100%
Allen & Overy Holdings (Thailand) Limited	23rd Floor, Sindhorn Tower III, 130-132 Wireless Road Lumpini, Pathumwan, Bangkok 10330, Thailand	Holding company	47%
Allen & Overy (Thailand) Co. Limited	23rd Floor, Sindhorn Tower III, 130-132 Wireless Road Lumpini, Pathumwan, Bangkok 10330, Thailand	Supply of legal services	35%
Allen & Overy (Australia) Pty Ltd	Level 25, 85 Castlereagh Street, Sydney, NSW 2000, Australia	Trustee company	100%
Allen & Overy Africa – Sarl AU	Anfaplace, Centre d’Affaires, Immeuble A, Boulevard de la Corniche, Casablanca, Morocco	Dormant	100%
Allen & Overy (Africa) (Pty) Limited	6th Floor, 90 Grayston, 90 Grayston Drive, Sandton, Johannesburg, 2196 South Africa	Dormant	100%
Allen & Overy (South Africa) Inc.	6th Floor, 90 Grayston, 90 Grayston Drive, Sandton, Johannesburg, 2196 South Africa	Dormant	100%
Allen & Overy (Pty) Limited	6th Floor, 90 Grayston, 90 Grayston Drive, Sandton, Johannesburg, 2196 South Africa	Dormant	100%
Allen & Overy Management Services Company Limited	38F Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo, 106-6138, Japan	Service Company	100%
Allen & Overy Service GmbH	Haus am Opernturm, Bockenheimer Landstraße 2, 60306 Frankfurt am Main, Germany	Service Company	100%

The LLP is exposed to, or has rights to, variable returns from its involvement with the following entities and undertakings and has the ability to affect those returns through its power to direct the activities of those entities and undertakings:

Name of entity	Address of the registered office or principal place of business	Activity	Proportion of ordinary shares or ownership
Allen & Overy (an English general partnership operating in Australia)	Level 25, 85 Castlereagh Street, Sydney, NSW 2000, Australia	Supply of legal services	–
Allen & Overy (an English general partnership operating in Hong Kong)	9th Floor, Three Exchange Square, Central, Hong Kong	Supply of legal services	–
Allen & Overy (an English general partnership operating in Spain)	Serrano 73, 28006 Madrid, Spain	Supply of legal services	–
Allen & Overy, A. Pedzich sp.k.	Rondo ONZ 1, 34th floor, Warsaw, 00-124, Poland	Supply of legal services	–
Allen & Overy Bratislava s.r.o	Eurovea Central 1, Pribinova 4, Bratislava, 81109, Slovakia	Supply of legal services	–
Allen & Overy LLP – Consultores em Direito Estrangeiro/Direito Norte-Americano	São Paulo, State of São Paulo, at Rua das Olimpíadas, 100, 10º andar, conjunto 101, sala A, Vila Olímpia, CEP 04551-000, Brazil	Supply of legal services	–
Allen & Overy (Czech Republic) LLP	One Bishops Square, London E1 6AD, United Kingdom	Supply of legal services	–
Allen & Overy Danışmanlık Hizmetleri Avukatlık Ortaklığı	River Plaza, Floor 17, Büyükdere Caddesi, Bahar Sokak no. 13, TR-34394 Levent, Istanbul, Turkey	Supply of legal services	–
Allen & Overy Gaikokuho Kyodo Jigyo Horitsu Jimusho	38F Roppongi Hills Mori Tower 6-10-1 Roppongi, Minato-ku, Tokyo, 106-6138, Japan	Supply of legal services	–
Allen & Overy, société en commandite simple	33 Avenue J.F. Kennedy, L-1855, Luxembourg	Supply of legal services	–
Allen & Overy (South Africa) LLP	One Bishops Square, London E1 6AD, United Kingdom	Supply of legal services	–
aosphere LLP	One Bishops Square, London E1 6AD, United Kingdom	Development and marketing of legal software	–
Lengyel Allen & Overy Ügyvédi Iroda	Madách Trade Centre, Madách Imre utca 13-14, H-1075 Budapest, Hungary	Supply of legal services	–
Naciri & Associés Allen & Overy	Anfaplace, Centre d'Affaires, Immeuble A, Boulevard de la Corniche, Casablanca, Morocco	Supply of legal services	–
Studio Legale Associato	(a) Via Ansperto 5, 20123, Milan, Italy; and (b) Corso Vittorio Emanuele II 284, Rome, 00186, Italy	Supply of legal services	–
Allen & Overy (Belgium) LLP	One Bishops Square, London E1 6AD, United Kingdom	Supply of legal services	–
Allen & Overy (formerly Shawe & Botha)	6th Floor, 90 Grayston, 90 Grayston Drive, Sandton, Johannesburg, 2196 South Africa	Supply of legal services	–
Allen & Overy Limited	Suite 539/540, Inya Lake Hotel, 37 Kaba Aye Pagoda Road, Mayangone Township, Yangon 11061, Myanmar	Supply of legal services	–
Allen & Overy Spain (No 1) LLP	One Bishops Square, London E1 6AD, United Kingdom	Holding entity	–
Allen & Overy Spain (No 2) LLP	One Bishops Square, London E1 6AD, United Kingdom	Holding entity	–
Allen & Overy (Australia) LLP	One Bishops Square, London E1 6AD, United Kingdom	Holding entity	–
Allen & Overy Hong Kong (No 1) LLP	One Bishops Square, London E1 6AD, United Kingdom	Holding entity	–
Allen & Overy Hong Kong (No 2) LLP	One Bishops Square, London E1 6AD, United Kingdom	Holding entity	–
Allen & Overy Strategy Group LLP	One Bishops Square, London E1 6AD, United Kingdom	Dormant	–

The LLP has branches in the People's Republic of China, France, Germany, Japan, South Korea, the Netherlands, Qatar, Singapore, the United Arab Emirates, the United Kingdom and the United States of America.

The LLP has also entered into association agreements with Ginting & Reksodiputro, an Indonesian law firm, and Gedik & Eraksoy, a Turkish Attorney Partnership, pursuant to which legal services are provided in relation to Indonesian law and Turkish law respectively.

The LLP has also entered into a joint operation in the China (Shanghai) Pilot Free Trade Zone with Shanghai Lang Yue Law Firm. Services in relation to the laws of the People's Republic of China are provided through Allen & Overy Lang Yue (FTZ) Joint Operation Office.

	Consolidated	Limited Liability Partnership		
	Other Investments £m	Group Interests £m	Other Investments £m	Total £m
Cost				
At 1 May 2018	0.3	10.2	–	10.2
Additions	0.2	–	–	–
At 1 May 2019	0.5	10.2	–	10.2
Additions	0.1	–	–	–
At 30 April 2020	0.6	10.2	–	10.2
Carrying amount at 30 April 2020	0.6	10.2	–	10.2
Carrying amount at 30 April 2019	0.5	10.2	–	10.2

Other investments include quoted and unquoted shares which are classified as at fair value through profit or loss and are measured at fair value through the income statement. All other investments are stated at cost, less provision for impairment.

The investment in Group interests represents the conversion of an inter-company loan to share capital in Cong Ty Luat Trach Nhiemhuu Han Allen & Overy (the firm's subsidiary in Vietnam).

17 Client and other receivables

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Client receivables	554.6	566.3	410.4	401.8
Loss allowance (see note 27)	(38.3)	(27.6)	(26.4)	(16.3)
	516.3	538.7	384.0	385.5
Contract assets – unbilled revenue	203.0	188.9	142.1	136.8
Loss allowance (see note 27)	(3.3)	–	(2.3)	–
	199.7	188.9	139.8	136.8
Lease receivables (see note 14)	73.5	–	72.2	–
Loss allowance (see note 27)	(16.7)	–	(16.7)	–
	56.8	–	55.5	–
Amounts due from other Group undertakings	–	–	233.3	178.8
Other receivables	33.2	25.7	17.2	10.7
Prepayments	30.3	42.0	21.7	36.5
	836.3	795.3	851.5	748.3

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Included in current assets	789.3	795.3	805.4	748.3
Included in non-current assets	47.0	–	46.1	–
	836.3	795.3	851.5	748.3

The amounts included in non-current assets above represent the non-current element of lease receivables.

Client receivables are amounts due from clients for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Client receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the client receivables with the objective of collecting the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method.

Due to their short-term nature, there is no difference between the carrying value of the consolidated or limited liability partnership's client and other receivables and their fair value.

At 30 April 2020 there are £0.9m of unsecured interest-bearing loans due from Group undertakings which are repayable within 12 months. Interest is charged based on LIBOR plus a margin ranging from 0.7% to 3.0%. The remaining amounts due from Group undertakings are unsecured, interest-free and repayable on demand.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Group's maximum exposure to credit risk. Financial assets include client and other receivables and cash. The Group does not hold collateral over these balances.

Details of the Group's impairment policies and the calculation of the loss allowance, along with information about the Group's and LLP's exposure to credit risk and foreign currency risk, are provided in note 27.

18 Cash and cash equivalents

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Cash and cash equivalents	197.1	124.9	139.1	84.1

Cleared funds are monitored on a daily basis and surplus funds are placed on short-term deposit.

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

19 Trade and other payables

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Trade payables	65.5	44.0	52.8	36.4
Amounts due to other Group undertakings	-	-	81.5	37.0
Employment and sales taxes	37.4	35.7	34.0	31.2
Other payables	24.8	16.6	32.9	29.3
Partners' subordinated loans	55.7	56.4	34.7	35.1
Other amounts due to partners remunerated as employees or consultants	111.7	135.4	80.2	96.7
Accruals	119.3	113.1	86.7	84.4
Deferred rent	0.3	20.4	-	16.6
	414.7	421.6	402.8	366.7

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Included in current liabilities	329.8	325.9	348.5	303.4
Included in non-current liabilities	84.9	95.7	54.3	63.3
	414.7	421.6	402.8	366.7

Non-current liabilities comprise partners' subordinated loans (£54.6m, 2019: £54.0m), other amounts due to partners remunerated as employees or consultants (£18.2m, 2019: £19.8), accruals (£10.1m, 2019: 9.2m) and deferred rent and other payables (£2.0m, 2019: £12.7m).

Amounts due to Group undertakings are unsecured, interest-free and repayable on demand.

There is no difference between the carrying value of the consolidated or limited liability partnership's trade and other payables and their fair values.

At 30 April 2020, the LLP had committed bank loan facilities of £150.0m (2019: £150.0m). At the balance sheet date, no amounts were outstanding under these facilities.

The committed facilities expire as follows:	£m
Between one and two years	50.0
Between three and five years	100.0
	150.0

The borrowing facilities arranged vary from overdraft facilities to cover short-term fluctuations in the 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 that comfortably exceed forecast borrowing requirements for the following 12 months.

Interest on short-term borrowings would be payable at floating rates linked to the base rate and its currency equivalent while any amounts drawn down in respect of the longer-term borrowing facilities would incur interest at floating rates linked to LIBOR.

20 Provisions

Provision for annuities

The LLP has made conditional commitments to pay annuities to certain individuals who are either former partners of Allen & Overy or the widows of those partners. The annuities are payable only out of future profits of the LLP on which they constitute a first allocation of profits. Further entitlement to these arrangements was withdrawn in 1994. An actuarial valuation of the net present value of the expected liability for the future payments to these individuals is obtained at each year-end and any change to the provision necessary is

recorded in the income statement. The provision for annuities is subject to actuarial adjustments and is utilised over the life of the annuitants.

The assumptions used by the actuaries in the calculation of the provision are the same as those used in the valuation of the defined benefit pension scheme as set out in note 24.

Provision for early retirement of partners/former partners

Partners satisfying certain conditions may elect to take early retirement in exchange for future payments, which are normally spread over five years. These payments are determined by the profits of future years. The present value of the best estimate of the expected liabilities for future payments under this scheme is provided in full in the year in which a partner elects to take early retirement, with the charge included in 'Partners' remuneration charged as an expense' in the Consolidated income statement. Any subsequent changes in the provision for liabilities under this scheme arising from changes in financial estimates while the person is still a partner in Allen & Overy are charged or

credited under this heading. Once the partner retires any changes are recorded in 'Other operating expenses' in the income statement.

The provision for partners'/former partners' payments has been made using an estimated level of profit for future years, based on current best estimates. This provision has been discounted to the present value using a 2.0% (2019: 2.3%) discount factor. It is expected that the early retirement provision will be paid over the next six years.

Provision for onerous leases and dilapidations

Prior to the adoption of IFRS 16 'Leases' on 1 May 2019, for leases on properties that had been vacated and were considered surplus, a provision was recognised to the extent that the continuing rental and associated property cost obligations were not expected to be recovered through subletting. Upon adoption of IFRS 16, these balances were included in the carrying value of right of use assets: see Note 2 for further details. Subsequent to the adoption of IFRS 16, a provision is recognised for onerous lease contracts where obligations for non-rent related property costs, such as

service charges, are not expected to be recovered through subletting. The provision for dilapidations is in respect of property leases which contain a requirement for the premises to be returned to their original state prior to the conclusion of the lease term. The leases to which this provision relates are all due to expire by the end of 2030. These provisions have been discounted to the present value using a discount rate of 3.7%.

	Consolidated			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2020 £m
At 1 May 2019	16.0	35.1	67.8	118.9
Onerous lease provision reclassified into right of use asset upon adoption of IFRS16 (note2)	-	-	(28.4)	(28.4)
Currency translation adjustments	-	-	0.1	0.1
Provision utilised	(2.1)	(8.1)	(1.2)	(11.4)
	13.9	27.0	38.3	79.2
Charged to the income statement	-	-	1.1	1.1
Charge for the year:				
- former partners	-	(0.4)	-	(0.4)
- current partners	-	5.7	-	5.7
Unwind of discount and change in discount rate	-	0.8	1.3	2.1
Actuarial adjustment	1.9	-	-	1.9
Provision released:				
- current partners	-	(0.9)	-	(0.9)
Increase dilapidation asset	-	-	2.7	2.7
	1.9	5.2	5.1	12.2
At 30 April 2020	15.8	32.2	43.4	91.4

	Consolidated			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2020 £m
Included in current liabilities	1.8	5.1	0.4	7.3
Included in non-current liabilities	14.0	27.1	43.0	84.1
At 30 April 2020	15.8	32.2	43.4	91.4

	Consolidated			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2019 £m
At 1 May 2018	16.9	36.8	67.8	122.6
Currency translation adjustments	-	-	0.1	0.1
Provision utilised	(2.0)	(7.9)	(4.4)	(14.3)
	13.9	27.0	64.6	108.4
Charged to the income statement	-	-	-	(0.5)
Charge for the year:				
– former partners	-	0.7	-	0.7
– current partners	-	6.5	-	6.5
Unwind of discount and change in discount rate	-	0.4	2.4	2.8
Actuarial adjustment	1.1	-	-	1.1
Provision released:				
– current partners	-	(1.4)	-	(1.4)
Increase dilapidation asset	-	-	1.3	1.3
	1.1	6.2	3.2	10.5
At 30 April 2019	16.0	35.1	67.8	118.9

	Consolidated			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2019 £m
Included in current liabilities	1.7	5.2	7.4	14.3
Included in non-current liabilities	14.3	29.9	60.4	104.6
At 30 April 2019	16.0	35.1	67.8	118.9

	Limited Liability Partnership			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2020 £m
At 1 May 2019	16.0	35.1	60.8	111.9
Onerous lease provision reclassified into right of use asset upon adoption of IFRS16 (note 2)	-	-	(26.4)	(26.4)
Currency translation adjustments	-	-	0.1	0.1
Provision utilised	(2.1)	(8.1)	-	(10.2)
	13.9	27.0	34.5	75.4
Charged to the income statement	-	-	1.1	1.1
Charge for the year:				
- former partners	-	(0.4)	-	(0.4)
- current partners	-	5.7	-	5.7
Unwind of discount and change in discount rate	-	0.8	1.2	2.0
Actuarial adjustment	1.9	-	-	1.9
Provision released:				
- current partners	-	(0.9)	-	(0.9)
Increase dilapidation asset	-	-	2.5	2.5
	1.9	5.2	4.8	11.9
At 30 April 2020	15.8	32.2	39.3	87.3

	Limited Liability Partnership			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2020 £m
Included in current liabilities	1.8	5.1	0.1	7.0
Included in non-current liabilities	14.0	27.1	39.2	80.3
At 30 April 2020	15.8	32.2	39.3	87.3

	Limited Liability Partnership			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2019 £m
At 1 May 2018	16.9	36.8	62.0	115.7
Currency translation adjustments	-	-	0.2	0.2
Provision utilised	(2.0)	(7.9)	(3.6)	(13.5)
	14.9	28.9	58.6	102.4
Charged to the income statement	-	-	(0.5)	(0.5)
Charge for the year:				
- former partners	-	0.7	-	0.7
- current partners	-	6.5	-	6.5
Unwind of discount and change in discount rate	-	0.4	2.2	2.6
Actuarial adjustment	1.1	-	-	1.1
Provision released:				
- current partners	-	(1.4)	-	(1.4)
Increase dilapidation asset		-	0.5	0.5
	1.1	6.2	2.2	9.5
At 30 April 2019	16.0	35.1	60.8	111.9

	Limited Liability Partnership			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2019 £m
Included in current liabilities	1.7	5.2	5.5	12.4
Included in non-current liabilities	14.3	29.9	55.3	99.5
At 30 April 2019	16.0	35.1	60.8	111.9

21 Capital commitments

The following amounts have been contracted for but not provided in the financial statements:

	2020 £m	2019 £m
Property fit-out costs	1.8	1.3
	1.8	1.3

22 Reconciliation of profit to net cash inflow from operating activities

	Consolidated	
	2020 £m	2019 £m
Profit before taxation	689.9	707.8
Adjustments for:		
Depreciation of property, plant and equipment	24.1	23.0
Depreciation of right of use assets	79.3	–
Amortisation of intangible assets	2.0	–
Impairment of right of use assets	1.8	–
Expected credit loss on lease receivables	16.7	–
Foreign exchange loss on operating activities	–	2.3
Net finance costs	10.9	2.0
Loss on disposal of property, plant and equipment	0.3	0.2
Operating cash flows before movement in working capital	825.0	735.3
Decrease in provisions	(1.4)	(6.6)
Decrease/ (increase) in receivables	17.3	(6.1)
Increase in payables	11.3	13.6
Cash generated by operations	852.2	736.2

23 Reconciliation of profit to net cash inflow from operating activities

	Limited Liability Partnership	
	2020 £m	2019 £m
Profit before taxation	507.9	527.0
Adjustments for:		
Depreciation of property, plant and equipment	15.8	14.6
Depreciation of right of use assets	60.9	-
Amortisation of intangible assets	2.0	-
Impairment of right of use assets	1.8	-
Expected credit loss on lease receivables	16.7	-
Foreign exchange (gain)/loss on operating activities	(0.7)	5.2
Net finance costs	8.3	1.6
Operating cash flows before movement in working capital	612.7	548.4
Decrease in provisions	(0.2)	(6.6)
Increase in receivables	(128.0)	(20.3)
Increase in payables	126.7	20.4
Cash generated by operations	611.2	541.9

24 Retirement benefit obligations

The LLP operates a pension scheme which includes a defined benefit section and a defined contribution section for its UK-based staff. The defined benefit section was closed to new entrants in 1998 and closed to future year accruals in 2007. The assets of the pension scheme are held separately from those of the LLP.

Employees in jurisdictions outside the United Kingdom are usually members of insured schemes into which the LLP pays contributions. These contributions are included in amounts shown under the 'Defined contribution section and schemes' heading below.

Defined contribution section and schemes

The cost of contributions to the defined contribution section of the UK pension scheme plus contributions to non-UK pension schemes included in the income statement for the year was £20.3m (2019: £19.1m). The cost charged represents contributions payable to these schemes by the Group at rates specified in the rules of the plans.

Defined benefit section

The LLP sponsors a funded defined benefit pension scheme for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from the LLP. The Trustees are composed of representatives of both the firm and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets plus the day-to-day administration of the benefits.

Under the Scheme, employees are entitled to annual pensions in retirement based on their salary and service. Benefits are also payable on death and following other events such as withdrawal from active service.

The Scheme's duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 18-19 years.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 1 January 2017 and showed a surplus of £0.4m on a technical provisions basis. The next funding valuation is due as at 1 January 2020. This valuation is in progress.

The Scheme exposes the LLP to a number of risks, the most significant of which are:

Asset volatility: The liabilities under IAS 19 are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will worsen the IAS 19 funding position with all else being equal.

The Scheme holds a significant proportion of growth assets (such as equities, diversified growth funds and global absolute return funds) which, though expected to outperform corporate bond returns in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate, given the Scheme's long-term objectives.

Changes in bond yields: A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.

Inflation risk: The Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. A significant proportion of the Scheme's assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will reduce the funding position with all else being equal.

Life expectancy: The majority of the Scheme's obligations are to provide benefits for the life of the member and his or her dependants, so increases in life expectancy will result in an increase in liabilities.

The LLP and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as index-linked government bonds which are intended to move in line with the liabilities of the Scheme so as to protect, for example, against inflation being higher than expected.

The Trustees insure certain benefits payable on death before retirement.

The liabilities have been updated from the most recent actuarial funding valuation, as at 1 January 2017, by an independent qualified actuary from Lane Clark & Peacock LLP.

The principal assumptions used for valuing the liabilities were as follows:

	2020 %	2019 %
Discount Rate	1.6	2.6
RPI inflation	2.6	3.3
CPI inflation	1.5	2.2
Salary increases	2.6	3.3
Pension increase in deferment	1.5	2.2
Pension increases in payment:		
RPI-linked	2.6	3.3
CPI-linked	1.5	2.2

The post-retirement mortality assumptions are based on standard mortality tables which allow for future improvements in life expectancy resulting in the following life expectancies:

	2020 Years	2019 Years
Current pensioners at age 65 – Male	23.0	22.9
Current pensioners at age 65 – Female	24.4	24.2
Future pensioners at age 65* – Male	24.6	24.5
Future pensioners at age 65* – Female	26.2	26.0

* for non-pensioners currently aged 45

The allocation and market value of the Scheme assets at the balance sheet date was as follows:

	2020 £m	2019 £m
Performance assets (non-property):		
Global equities (quoted)	39.2	42.7
Diversified Growth Funds (primarily quoted)	27.5	27.6
Property (unquoted)	10.3	10.9
Inflation opportunities fund (unquoted)	12.5	12.3
Bonds:		
Liability-driven investment (quoted)	69.1	55.0
Other fixed income (quoted)	51.1	46.0
Cash and other assets (quoted)	33.4	37.9
Defined benefit assets at end of the year	243.1	232.4

The Scheme does not invest directly in property occupied by the firm or in financial securities issued by the firm.

As at the balance sheet date, £10.3m of scheme assets were held in a property fund that has been temporarily suspended due to the pricing uncertainty brought about by the Covid-19 outbreak. The fund is frozen due to the lack of property transactions. The valuation date for the carrying value included in the financial statements is based on a valuation as at 30th April 2020.

The amounts recognised in the consolidated and LLP balance sheets are as follows:

	2020 £m	2019 £m
Fair value of scheme assets	243.1	232.4
Present value of defined benefit obligations	(190.5)	(168.4)
Retirement benefit surplus	52.6	64.0

No adjustment has been made to restrict the surplus recognised, since under the Scheme rules the firm could receive a refund of surplus if the Scheme is run on until the last member has died.

The amounts recognised in the consolidated income statement are as follows:

	2020 £m	2019 £m
Finance credit:		
Interest on pension Scheme assets	6.0	5.6
Finance cost:		
Interest on pension Scheme defined benefit obligations	(4.3)	(4.2)
Net finance income for the year	1.7	1.4
Past service cost	(0.4)	-
Total credit recognised in profit and loss	1.3	1.4

The past service cost in the income statement for 2020 relates to benefit increases that were identified during the year.

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2020 £m	2019 £m
Return on Scheme assets in excess of that recognised in net interest	10.5	12.2
Actuarial losses due to changes in financial assumptions	(23.8)	(6.5)
Actuarial (losses)/gains due to changes in demographic assumptions	(0.4)	2.9
Actuarial gains due to liability experience	1.0	-
	(12.7)	8.6

Changes in the fair value of plan assets are as follows:

	2020 £m	2019 £m
Opening fair value of Scheme assets	232.4	219.6
Interest income on Scheme assets	6.0	5.6
Remeasurement gains on Scheme assets	10.5	12.2
Benefits paid	(5.8)	(5.0)
Closing fair value of Scheme assets	243.1	232.4

The actual return on the Scheme assets during the year was a £16.5m gain (2019: £17.8m gain).

Changes in the present value of the defined benefit obligations are as follows:

	2020 £m	2019 £m
Opening defined benefit obligation	(168.4)	(165.6)
Interest cost	(4.3)	(4.2)
(Loss)/gain from change in demographic assumptions	(0.4)	2.9
Loss from change in financial assumptions	(23.8)	(6.5)
Experience gains	1.0	-
Past service cost	(0.4)	-
Benefits paid	5.8	5.0
Closing defined benefit obligation	(190.5)	(168.4)

The value of insured pensions has been excluded from both the assets and liabilities on the grounds of materiality. As the value of the obligations and assets in respect of the insured pensions would be the same under IAS 19, including them would not change the balance sheet position.

Sensitivity analysis

The principal actuarial assumptions all have an effect on the IAS 19 accounting valuations. The following table shows the sensitivity of the value of the defined benefit obligations to changes in these assumptions. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result.

	Defined benefit obligation increase £m
0.25% decrease in the assumed discount rate	9.3
0.25% increase in the expected rate of increase in salaries	0.4
0.25% increase in the assumed rate of inflation	8.0
One-year increase in average life expectancy	6.7

Future cash funding

The most recent full actuarial valuation was as at 1 January 2017 and was completed in 2017 using the Projected Unit valuation method. The valuation revealed a surplus at the valuation date. Accordingly, the expected contributions by the Firm to the defined benefit section of the Scheme over the next 12 months are nil. The next actuarial valuation has an effective date of 1 January 2020 and is currently in progress. Contribution requirements will be reviewed as part of the 2020 valuation.

25 Total equity partners'/members' interests

Allen & Overy is financed through a combination of partners' capital, subordinated loans and undistributed profits. The Board reviews the projected financing requirements annually when agreeing the Group's budget and, based on this review, sets the value of the Capital Unit. The cash flow forecast for the entire Group is updated regularly and compared to the budget, with any significant variance being reported to the Board. The below tables disclose both the cash and non-cash movements in the Group and LLP's liabilities arising from financing activities.

	Consolidated				
	Amounts due to/ from partners £m	Partners' capital classified as a liability £m	Equity £m	Total 2020 £m	Total 2019 £m
Total partners' interests at 1 May	(54.2)	137.8	460.6	544.2	534.3
Total comprehensive income for the year	-	-	419.2	419.2	446.2
Profit allocated to partners	438.6	-	(438.6)	-	-
Drawings and distributions	(386.7)	-	-	(386.7)	(440.2)
Capital introduced	-	15.1	-	15.1	12.1
Capital repaid	-	(12.2)	-	(12.2)	(8.2)
	(2.3)	140.7	441.2	579.6	544.2

	Limited Liability Partnership				
	Amounts due to/ from Members £m	Members' capital classified as a liability £m	Equity £m	Total 2020 £m	Total 2019 £m
Total Members' interests at 1 May	(22.0)	134.1	389.6	501.7	485.5
Total comprehensive income for the year	-	-	346.7	346.7	377.3
Profit allocated to Members	367.2	-	(367.2)	-	-
Drawings and distributions	(315.1)	-	-	(315.1)	(364.8)
Capital introduced	-	14.5	-	14.5	11.8
Capital repaid	-	(12.0)	-	(12.0)	(8.1)
	30.1	136.6	369.1	535.8	501.7

Capital due to partners/Members retiring within one year is shown as current, as it will be repaid within 12 months of the reporting date. Total partners'/Members' capital analysed by repayable dates is as follows:

	Consolidated		Limited Liability Partnership	
	2020 £m	2019 £m	2020 £m	2019 £m
Included in current liabilities	6.0	5.0	6.0	4.8
Included in non-current liabilities	134.7	132.8	130.6	129.3
	140.7	137.8	136.6	134.1

The carrying value of partners' and Members' capital is consistent with fair value in the current and prior year.

26 Related party transactions

The key management personnel comprises the Senior Partner and Managing Partner, the heads of the main global practice groups and the support directors. The majority of partners in key management positions maintain significant client responsibilities. The share of the profit and the salaries (including post-employment benefits) awarded to three key management personnel for the year ended 30 April 2020 amounts to £16.2m (2019: £16.0m).

The Group and the LLP are related parties because they are both controlled by the Board. Related party transactions between the Group and the LLP are disclosed below.

Services in respect of client engagements

Arrangements are in place for the LLP to supply services to other Group undertakings in connection with client assignments and vice versa. For the year ended 30 April 2020, there was a net provision of services to the LLP from other Group undertakings to the value of £32.3m (2019: £12.0m).

Administrative support provided within the Group

Global and regional management charges are levied across the Group for the cost of services provided to the global network by central support functions. The staff performing global and regional roles are located in a number of locations as determined by the directors responsible for the global support functions. For the year ended 30 April 2020, there was a net provision of administrative support to the LLP from other Group entities to the value of £6.8m (2019: £6.5m).

Balances outstanding

The balances outstanding between the LLP and other Group undertakings are disclosed as 'Amounts due from other Group undertakings' under note 17 and as 'Amounts due to other Group undertakings' under note 19.

27 Financial risk management objectives and policies

Management's objective in managing financial risk is to ensure the long-term sustainability of the Group. As the Group's principal financial instruments comprise cash, client receivables and unbilled revenue, and other payables, accruals, provisions and partners' capital that arise directly from operations, the main risks are those that relate to credit in regard to receivables, the Group's liquidity in relation to the payables and foreign currency.

Credit risk

(i) Risk management

Cash deposits with banks and financial institutions give rise to counterparty risk. The Group manages this counterparty risk by reviewing the credit ratings regularly and by limiting the aggregate amount and duration of exposure to any one counterparty, taking into account its credit rating, market capitalisation and relative credit default swap price. The minimum long-term credit rating of all banks and financial institutions which held any significant short-term deposits during the year was BBB+.

Although the Group has a policy of performing credit checks on all new clients, its main protection against a significant charge to its income statement for non-recoverability of a client receivable lies in its wide client base. The Group's large client base of reputable corporations and entities is both geographically diverse and spread across different industry sectors. This ensures that no one client accounts for a significant element of the combined client receivables and unbilled revenue balance. Management regularly reviews the concentration of specific clients to assess whether the level of credit risk is acceptable.

(ii) Impairment of financial assets

The Group has four types of financial asset that are subject to impairment in accordance with IFRS 9 'Financial Instruments':

- client receivables;
- contract assets related to unbilled revenue;
- finance lease receivables; and
- other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses on client receivables and unbilled revenue. Under the simplified approach the Group recognises a lifetime expected loss allowance for all client receivables and unbilled revenue at each reporting date.

The Group applies the IFRS 9 general method for measuring expected credit losses on finance lease receivables. Under the general method, an expected 12-month credit loss is recognised upon initial recognition of the lease receivable and at each reporting date thereafter, provided there has been no

significant increase in credit risk. When credit risk is determined to have increased significantly from the last reporting date, an expected lifetime credit loss is recognised.

Client receivables, contract assets related to unbilled revenue and finance lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include significant financial difficulties on the part of the debtor and default or delinquency in payments. Impairment losses on client receivables, unbilled revenue and finance lease receivables are presented within 'Net impairment losses on financial and contract assets'. Subsequent recoveries of amounts which were written off previously are credited against the same line item.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss on cash and cash equivalents was immaterial.

Client receivables and contract assets

Client receivables and contract assets are written off in full when there is no reasonable expectation of recovery. A specific loss allowance is recognised when the Group has assessed that there is significant credit risk. For all remaining client receivables and contract assets, a lifetime expected credit loss is recognised.

To measure the lifetime expected credit loss, client receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of bills raised over a period of 24 months before 30 April 2020 and the corresponding historical credit loss experienced within this period. The historical loss rate has then been adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of clients to settle the receivables. The Group has identified the industry sector that the client operates in and GDP of the countries in which it

sells its services to be the most relevant factors for this assessment. In light of Covid-19, the Group has applied a risk premium on top of the historical loss rates based on client sector and expected changes in GDP.

The Group's unbilled revenue relates to work in progress which has substantially the same risk characteristics as the client receivables for the same types of contracts. The Group therefore concluded that the expected loss rates for client receivables that are not past due, inclusive of industry sector risk premiums applied to take account of Covid-19, are a reasonable approximation of the loss rates for unbilled revenue and applied the same calculation methodology. In the prior year, the identified impairment loss (calculated based on historical loss rates without a risk premium for Covid-19) was immaterial and so was not reflected in the financial statements.

On that basis, the loss allowance as at 30 April 2020 was determined as follows for client receivables and contract assets relating to unbilled revenue:

	Consolidated				Total £m
	Not past due	Past due 0-30 days	Past due 31-120 days	Past due greater than 120 days	
30 April 2020					
Expected loss rate	2.1%	2.3%	3.3%	34.5%	5.5%
Gross carrying amount – client receivables	269.5	116.3	94.1	74.7	554.6
Gross carrying amount – unbilled revenue	203.0	–	–	–	203.0
Loss allowance	(10.1)	(2.7)	(3.1)	(25.7)	(41.6)
30 April 2019					
Expected loss rate	0.2%	0.3%	1.8%	30.2%	3.7%
Gross carrying amount – client receivables	277.0	99.6	109.7	80.0	566.3
Gross carrying amount – unbilled revenue	188.9	–	–	–	188.9
Loss allowance	(1.1)	(0.3)	(2.0)	(24.2)	(27.6)

	Limited Liability Partnership				Total £m
	Not past due	Past due 0-30 days	Past due 31-120 days	Past due greater than 120 days	
30 April 2020					
Expected loss rate	2.0%	3.0%	2.9%	38.8%	5.2%
Gross carrying amount – client receivables	224.6	72.9	69.2	43.8	410.5
Gross carrying amount – unbilled revenue	142.3	–	–	–	142.3
Loss allowance	(7.5)	(2.2)	(2.0)	(17.0)	(28.7)
30 April 2019					
Expected loss rate	0.2%	0.2%	1.2%	31.8%	3.0%
Gross carrying amount – client receivables	223.7	63.6	68.2	46.3	401.8
Gross carrying amount – unbilled revenue	136.8	–	–	–	136.8
Loss allowance	(0.7)	(0.1)	(0.8)	(14.7)	(16.3)

Finance lease receivables

To measure the expected credit loss, lease receivables have been individually assessed to determine whether they are credit impaired or whether there has been a significant increase in credit risk. The Group has performed this assessment by considering the industry sector that the tenant operates in, past payment history and available information about the financial position of the tenant. Specific arrangements such as requests or requirements for landlords to offer rent reductions or extended payment terms that have come into force due to Covid-19 were also considered.

When the conclusion of that assessment is that there is no significant increase in credit risk, an expected 12-month credit loss is recognised. When credit risk is determined to have increased significantly since the last reporting date, an expected lifetime credit loss is recognised. The expected credit loss is calculated as the probability weighted average loss across a range of possible default scenarios, based on management's judgement. The loss has been discounted using the same discount rates applied in calculating the carrying value of the lease receivable.

A summary of the assumptions underpinning the company's expected credit loss model for lease receivables is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Credit risk is in line with original expectations	12-month expected credit loss (stage 1)
Underperforming	Significant increase in credit risk has occurred compared to original expectations	Lifetime expected loss (stage 2)
Non-performing (credit impaired)	Repayments are 180 days past due or it becomes probable that a tenant will enter bankruptcy	Lifetime expected loss (stage 3)
Write off	No reasonable expectation of recovery	Asset is written off

On that basis, the loss allowance as at 30 April 2020 was determined as follows for finance lease receivables:

	Consolidated		
	Gross carrying value	Loss allowance	Lease receivable net of expected credit losses
30 April 2020			
Performing	39.5	(0.2)	39.3
Underperforming	34.0	(16.5)	17.5
Total lease receivable	73.5	(16.7)	56.8
30 April 2019			
Performing	–	–	–
Underperforming	–	–	–
Total lease receivable	–	–	–

	Limited Liability Partnership		
	Gross carrying value	Loss allowance	Lease receivable net of expected credit losses
30 April 2020			
Performing	39.6	(0.2)	39.4
Underperforming	32.6	(16.5)	16.1
Total lease receivable	72.2	(16.7)	55.5
30 April 2019			
Performing	–	–	–
Underperforming	–	–	–
Total lease receivable	–	–	–

Other receivables and amounts due from Group undertakings

The Group and LLP determined that the expected credit loss on other receivables and amounts due from Group undertakings was not material to the financial statements and so no loss allowance for expected credit loss has been recognised. These balances are considered to have a low credit risk and the loss is limited to a 12-month credit loss.

The closing loss allowances for client receivables, contract assets and finance lease receivables as at 30 April 2020 reconciles to the opening loss allowance below:

Movement in loss allowance:

	Consolidated					
	Client receivables		Contract assets		Finance lease receivables	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
At 1 May	(27.6)	(27.5)	-	-	-	-
Currency translation adjustment	(0.7)	(0.5)	-	-	-	-
Provision utilised	4.6	10.2	-	-	-	-
Increase in loss allowance recognised in profit or loss during the year	(23.8)	(19.8)	(3.3)	-	(16.7)	-
Provision released	9.2	10.0	-	-	-	-
At 30 April	(38.3)	(27.6)	(3.3)	-	(16.7)	-

	Limited Liability Partnership					
	Client receivables		Contract assets		Finance lease receivables	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
At 1 May	(16.3)	(20.1)	-	-	-	-
Currency translation adjustment	(0.4)	(0.5)	-	-	-	-
Provision utilised	3.5	7.3	-	-	-	-
Increase in loss allowance recognised in profit or loss during the year	(18.3)	(10.9)	(2.3)	-	(16.7)	-
Provision released	5.1	7.9	-	-	-	-
At 30 April	(26.4)	(16.3)	(2.3)	-	(16.7)	-

No opening balance adjustment for expected credit losses was made upon transition to IFRS 9 on 1 May 2018, as the adjustment would have represented less than 1% of the gross client receivables balance.

(iii) Significant estimates and judgements

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions in addition to forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed above.

Group financial assets and liabilities by category

Assets	2020 £m	2019 £m
Net client receivables	516.3	538.7
Net contract assets – unbilled revenue	199.7	188.9
Net finance lease receivables	56.8	–
Other receivables	33.2	25.7
Cash	197.1	124.9
	<u>1,003.1</u>	<u>878.2</u>

The carrying amounts of financial assets are denominated in the following currencies:

	2020 £m	2019 £m
Euro	278.4	272.7
Sterling	374.3	295.3
U.S. Dollar (or currencies linked to U.S. Dollar)	269.3	235.8
Other currencies	81.0	74.4
	<u>1,003.1</u>	<u>878.2</u>

Liabilities	2020 £m	2019 £m
Lease liabilities	559.3	–
Trade payables	65.5	44.0
Employment and other charges	37.4	35.7
Other payables	24.8	16.6
Partners' subordinated loans	55.7	56.4
Other amounts due to partners remunerated as employees or consultants	111.7	135.4
Accruals	119.3	113.1
Partners' capital	140.7	137.8
Provision for onerous contracts and dilapidations	43.4	67.8
Provision for early retirement of partners/former partners	32.2	35.1
Provision for annuities	15.8	16.0
	<u>1,205.8</u>	<u>657.9</u>

The carrying amounts of financial liabilities are denominated in the following currencies:

	2020 £m	2019 £m
Euro	255.9	60.1
Sterling	711.0	509.3
U.S. Dollar (or currencies linked to U.S. Dollar)	220.5	63.4
Other currencies	18.4	25.1
	<u>1,205.8</u>	<u>657.9</u>

Liquidity risk

In terms of ability to meet obligations, whether trade creditors, other payables or accruals, the Group carefully monitors its cash flow against its projections. It has a policy of setting its capital and drawings policy to enable the Group's cash funds to be sufficient to meet the Group's obligations. The Group also maintains borrowing facilities to cover any unforeseen cash demands.

Foreign currency risk

The presentational currency of the Group is Sterling. With offices in many different countries, however, the Group's operations are conducted in many different currencies. In addition, the Group is willing, at a client's request, to invoice in a currency other than the functional currency of the location from which the bill is sent. The principal currencies, other than Sterling, to which the Group is exposed are the Euro and the U.S. Dollar, along with other currencies that are linked to the U.S. Dollar.

The effect of foreign currency fluctuations having a material impact on each entity's results is mitigated by the income and costs incurred by that entity being principally in the functional currency of the location. The Group does not hedge or enter into forward derivative transactions because of the cost of these instruments. It does, however, retain currency cash balances which it monitors closely to ensure that the balances in each currency match the currency of the expected future payments.

If the Euro and U.S. Dollar (including currencies linked to the U.S. Dollar) had weakened against all other currencies, the impact on profit before tax and net assets as a result of retranslating financial assets and liabilities would have been as set out below:

	2020		2019	
	Profit £m	Net assets £m	Profit £m	Net assets £m
Euro 5% weaker	1.0	(6.1)	8.5	(0.2)
U.S. Dollar (including linked currencies) 5% weaker	(1.2)	(4.6)	(1.2)	(7.1)

The above analysis includes the impact on profit before tax resulting from retranslating intercompany balances that are eliminated within the consolidated balance sheet and which are, therefore, not included within the above table of Group financial assets and liabilities.

The effect of foreign currency fluctuations on the conversion of the entities' results into Sterling is borne by the partners as the profit for the year is determined in Sterling.

Partners based outside London receive their profit shares in Sterling, converted at their request into local currency with an internal protection mechanism equivalent to a collar. Partners based outside London may elect to receive their undistributed profits for the year in their local currency.

Awards

Global

- Global Capital Bond Awards 2019
 - Best Law Firm for Corporate Bonds
 - Best Law Firm for Financial Institution Bonds
- Infrastructure Investor 2020: Global Law Firm of the Decade
- Trade Finance Global Awards 2020: Best Trade Finance Law Firm
- Chambers and Partners directories, 2020: A&O ranked 599 times across all directories
- Chambers and Partners directories, 2020: A&O lawyers ranked 1,024 times across all directories
- Chambers Global, 2020: A&O ranked in 275 practice areas
- Chambers Global, 2020: 431 individual lawyers ranked
- Ranked in Band 1: (Flexible Legal Staffing) Chambers and Partners: Alternative Legal Service Provider Guide, 2020
- Ranked in Band 1: (Law firm LPOs) Chambers and Partners: Alternative Legal Service Provider Guide, 2020

Asia Pacific

- IFLR Awards Asia 2020
 - International Firm of the Year
 - Pro Bono Team of the Year
 - Restructuring Team of the Year
 - Debt and Equity-linked Team of the Year and Deal of the Year
- Best International Firm in Asia for Women in Business Law
 - Euromoney LMG Asia Awards 2019: Best International Firm in Asia for Women in Business Law
- China Law & Practice Awards 2019: International Firm of the Year
- India Business Law Journal Awards 2019: Deal of the Year
- Chambers Asia Awards 2020: Singapore Corporate and Finance International Law Adviser of the Year
- APLMA Asia Pacific Syndicated Loan Market Awards 2020: Syndicated Leveraged & Acquisition Finance Law Firm of the Year
- Asialaw and Benchmark Litigation Asia-Pacific Dispute Resolution Awards 2018 and 2019: International Arbitration Firm of the Year
- ALB SE Asia Law Awards 2018 and 2019: International Deal Firm of the Year
- Mergermarket Japan Awards 2020: Outbound M&A Legal Adviser of the Year
- FT Innovative Lawyers Awards Asia Pacific, 2019
 - Highly Commended – Innovation in the rule of law and access to justice
 - Commended – Innovation in the business of law: Technology
 - Commended – Innovation in accessing new markets and capital
 - Commended – Innovation in creating a new standard

Europe

- FT Innovative Lawyers Awards Europe, 2019
 - Highly commended – Innovation in collaboration
 - Highly commended – Innovation in legal expertise: Enabling business growth and transformation
 - Highly commended – Innovation in legal expertise: Managing complexity and scale
 - Highly commended – Innovation in the business of law: Managing and developing talent
 - Highly commended – Innovation in the rule of law and access to justice
 - Commended – Innovation in the business of law: Data, knowledge and intelligence
 - Commended – Innovation in the business of law: New products and services
 - Commended – Innovation in Technology
 - Commended – Innovation in the business of law: New products and services
 - Commended – Legal Expertise, Dispute Resolution
- Mergermarket European M&A Awards 2019
 - UK Legal Adviser of the Year
 - Benelux Legal Adviser of the Year
- IFLR Europe Awards 2020: Winners of Financial Services Regulatory Team of the Year
- GlobalCapital European Securitisation Awards 2020
 - Consumer Securitisation Law Firm of the Year
 - CMBS Law Firm of the Year
 - RMBS Law Firm of the Year
 - CLO Law Firm of the Year
- LMG European Life Sciences Awards 2020
 - IP Firm of the Year: Biologics / Biosimilars
 - IP Firm of the Year: Biotech

Diversity

- Yale Law Women annual Top Firms for Gender Equity and Family Friendliness Report: ranked excelled in hiring practices and LGBTQ+ representation
- The Times Top 50 Employers for Women 2019 & 2020
- Stonewall: Top Global Employer 2019

Middle East and Africa

- Islamic Finance News Awards 2019 – “Team of the Year”: Law firm of the Year
- IFLR Middle East Awards 2019:
 - International Law Firm of the Year
 - Debt and Equity-Linked Team of the Year
 - Project Finance Team of the Year
 - Restructuring Team of the Year
 - Debt and Equity-Linked Deal of the Year (for NMC Healthcare sukuk)
 - Domestic Deal of the Year (for the Alawwal Bank/Saudi British Bank merger)
 - Project Finance Deal of the Year (for the Mohammed bin Rashid Al Maktoum Solar Park Phase IV)
 - Restructuring Deal of the Year (for the Dana Gas restructuring)
- IJ Global 2019: Global Legal Adviser of the Year
- IFLR Middle East Awards 2019: International Law Firm of the Year

North, Central and South America

- LatinFinance 2019:
 - Infrastructure Financing of the Year
 - Infrastructure Loan of the Year
- IJ Global 2019: North America Airports Deal of the Year
- TXF Awards 2019: Americas ECA backed Finance Deal of the Year

- Euromoney LMG Asia Awards 2019: Best International Firm in Asia for Women in Business Law
- Australian Workplace Equality Index 2019: Pride in Diversity (bronze)
- Ethnicity Awards: Top 10 Outstanding Employer

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GLOBAL PRESENCE

Allen & Overy is an international legal practice with approximately 5,500 people, including some 550 partners, working in over 40 offices worldwide.

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