

ALLEN & OVERY

Annual Report and Financial Statements

For the year ended 30 April 2021







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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 2021.

Group structure

These financial statements consolidate the financial statements of Allen & Overy LLP, a limited liability partnership registered in England and Wales with registered number OC306763 (the **LLP**), and its subsidiary undertakings (the **Group**) for the year ended 30 April 2021.

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.

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 five key dimensions: global reach, local depth; lasting relationships, market leadership; high-performance culture; innovation and mobility of knowledge; people and ideas.



Global reach, local depth

We are a powerful, multi-centred business serving all our clients' core markets. Having this global reach and local depth sets us apart from other firms. The U.S. and Asia remain investment priorities for us. We are investing in our business in the U.S. while building our U.S. law capabilities around the world. Our focus in Asia over many years has created depth and breadth across the region, so we are well positioned to grow across the markets of ASEAN and Greater China. As we look to invest and build our platform to deliver local depth, we will also continue building our market position in mature markets.



Lasting relationships, market leadership

We put client service first. We aim to advise clients on their most strategic and complex matters all over the world. There is no one size fits all approach to client relationships. Our practice and geographic diversity enable us to originate work and advise clients in the best possible way in each of the markets in which we work. By improving our approach to client relationships, we can maximise the opportunity to connect clients to new parts of our business. We are taking a targeted approach, starting with our biggest clients in certain sectors so they have access to the best of what our firm has to offer.



High performance culture

We offer our people the opportunity to develop personally and professionally, and we have high expectations of each other to deliver the very best quality. Our culture encourages open and honest conversations and feedback, so each of us can be better tomorrow and reach our full potential.

We aim to **advise clients** on their most strategic and **complex matters** all over the world.



Innovation

Whether supporting clients to select and deploy the optimal legal tech solution or to take advantage of our flexible resourcing options, our advanced delivery teams allow Allen & Overy and our clients to deliver projects cost-effectively but without compromising on quality, and without the risk associated with using multiple third party providers. We are also broadening the support we provide to our clients. Examples include A&O Consulting, our strategic and regulatory consulting business, and our Markets Innovation Group, which excels at creating industry-wide scaled solutions, and aosphere which has been providing high-quality online legal risk management products since 2001.



Mobility of knowledge, people and ideas

We want to maximise collaboration across boundaries, real or perceived, and grow the business through bringing the best we can to our clients. By being more efficient in staffing deals across jurisdictions and having unrestricted access to share our knowledge from global practices and sectors more widely, we will originate more matters and deliver to a higher standard for our clients. This in turn perpetuates an environment that allows ideas to be safely explored and shared more widely to benefit the whole business.

Responsible business

Our clients, people and wider society care about us being a responsible business. We want to become truly engaged, holistic and ambitious in our approach to sustainability.



Diversity and inclusion

The diversity of thought that our people bring makes all the difference at Allen & Overy, generating ideas and building solutions. We simply cannot be advanced if we are all the same. In creating an inclusive environment, all our talented people can be their full, authentic selves, and not feel held back in any way. For more details on our diversity and inclusion initiatives, see [page 23](#).



Environment

We need to rise to the challenges and opportunities of sustainability, continually improving our own environmental performance. For example, we will play our part in addressing the climate emergency through a commitment to Science Based Targets which provide a clear route to reduce greenhouse gas emissions. For more details on our environmental performance in the year, see [page 28](#). We have set ourselves the goal of reducing our CO2 emissions by 50% by 2030 (from a base year in 2019).



Pro bono and community investment

Our responsibility to help build a fair and equitable society goes hand in hand with our commitment to our people, culture and clients, as well as the wider legal sector. Our work focuses on tackling the root causes of injustice as well as its consequences. For more details on our pro bono and community investment activities during the year, see [page 24](#).

In creating an **inclusive environment**, all our talented **people** can be their full, **authentic selves...**



Wellbeing

We want to ensure all of our people are fit and healthy, both mentally and physically. Getting this right gives everyone the best chance to achieve their full potential. Mental health in particular will remain a priority. We have made good progress with our Minds Matter programme in generating conversation and championing working practices that support positive mental health. We want to broaden this approach to ensure everyone has the support they need. For more details on our wellbeing initiatives, see [page 22](#).

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

In future years we want to communicate our progress more holistically. Having reviewed a number of potential frameworks, we are going to report our progress using the UN Sustainable Development Goals, the aim of which is to achieve a better and more sustainable future for all by 2030. Of the 17 goals, we have prioritised 11 where we think we can achieve the greatest impact and we will report against them next year.

These are:

- 3. Good Health and Wellbeing;
- 4. Quality Education;
- 5. Gender Equality;
- 7. Affordable and Clean Energy;
- 8. Decent Work and Economic Growth;
- 9. Industry, Innovation and Infrastructure;
- 10. Reduced Inequalities;
- 11. Sustainable Cities and Communities;
- 12. Responsible Consumption and Production;
- 13. Climate Action; and
- 16. Peace, Justice, and Strong Institutions.

Business and financial performance

Revenue

Our revenue grew by 4.6% to £1,771m (2020: £1,692m). All of our core businesses grew during the year and the transactional practices picked up strongly after the announcement of a vaccine in autumn 2020. On a geographical basis, our UK, Continental Europe and U.S. businesses all delivered revenue growth of c.7%, maintaining our strong position in our established markets. We continue to invest in emerging markets.

Profit for the financial year

Profit before taxation was £822m (2020: £690m). The result is impacted by the reassessment of provisions for expected credit losses on sublease arrangements and other financial and contract assets. We made substantial provisions in April 2020 due to the uncertainty arising following the initial outbreak of Covid 19. This gave rise to a charge of £35m for impairment losses on financial and contract assets. During the current financial year these assets have performed better than expected. Profit for the year therefore includes a £14m net reduction in the loss allowance. The current year result also includes a foreign exchange loss of £16m, compared to a foreign exchange gain of £3m in 2020.

Operating costs

Our total staff costs increased by £26m to £665m (2020: £639m), reflecting the impact of rising average employee headcount from 4,928 to 5,047 and increases in total staff financial reward. Other operating expenses reduced by £41m to £181m, largely as a result of Covid-19 related restrictions. The firm spent less on indirect expenses such as travel, marketing, entertaining and office-based costs such as catering and other utilities. The adverse swing from exchange gains to losses of £19m is also included in operating costs.

Staff pensions

2,383 (2020: 2,348) 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 2020. The report showed a surplus of £1m on a technical provisions basis and as a result it has been confirmed with the Trustees of the scheme that the firm is not currently required to make any cash contributions to it. The next funding valuation is due as at 1 January 2023.

The separate annual valuation undertaken for the purpose of these financial statements at 30 April 2021 indicates a defined benefit pension surplus of £48m, compared with a surplus of £53m in the prior year. International Accounting Standard (IAS) 19 (Employee Benefits) and International Financial Reporting Interpretations Committee (IFRIC) Interpretation 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) require that, where a scheme is in surplus according to the IAS 19 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 IAS 19 surplus, and therefore no restriction is applicable to the balance sheet.

Net assets and financing

Our consolidated balance sheet remains strong, with net assets of £508m (2020: £441m).

The Group is financed through a combination of partners' capital, partners' subordinated loans and undistributed profits. Partners' capital contributions totalling £175m (2020: £141m) and partners' subordinated loans totalling £81m (2020: £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 and investment 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. As at 30 April 2021, the Group had unused committed bank facilities of £150m (see 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 his or her 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 £649m (2020: £574m).

Allen & Overy and its partners have paid, or will pay, taxes of over £400m in relation to the year ended 30 April 2021. Globally this amount comprises approximately £331m of profit taxes, £48m of employer's social security contributions, £11m of property taxes and £10m of other taxes.

In addition, Allen & Overy has collected approximately £249m of taxes on behalf of the governments of the jurisdictions in which we practise. £138m was collected by way of payroll and social security deductions from remuneration paid to our staff and £111m 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, including as a result of the Covid-19 pandemic. The firm has prepared a sensitivity analysis on its business plan and evaluated the impact of a severe but plausible downside scenario affecting 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 2020 - 30 April 2021

Revenue

£1,771m

USD2,323 million; EUR1,984 million

+5%

from 2020

Profit before tax

£822m

USD1,079 million; EUR921 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 2021, the Board comprised Wim Dejonghe (Senior Partner), Gareth Price (Managing Partner, from 1 May 2020), Andrew Ballheimer (until 31 October 2020) and the six IPDs: Laëtitia Bénard, Denise Gibson, David Lee, Christian Saunders (until 1 March 2021), Daniel Shurman and Tim Stevens. Roger Lui and Barbara Stettner were co-opted members. 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 2021, Exco comprised the Senior Partner and Managing Partner plus eleven other partners (David Benton, David Broadley, Philip Bowden, Emma Dwyer, Hervé Ekué, Dave Lewis, Vicki Liu, Dirk Meeus, Karen Seward and Brechje van der Velden) from across the firm. For the period 1 May 2020 to 31 October 2020, Andrew Ballheimer was a member of Exco. When Ian Ingram Johnson's term as managing partner of the Middle East Region ended in October 2020, he was replaced by Khalid Garousha. 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



Laetitia Bénard
Partner – Paris



Denise Gibson
Partner – London



David Lee
Partner – London



Roger Lui
Partner – Hong Kong



Daniel Shurman
Partner – London



Barbara Stettner
Partner – Washington, D.C.



Tim Stevens
Partner – Amsterdam

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 (Risk & Compliance Partner), 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 and financial crime, in-house legal advice, risk management, third party contracts, audits, regulatory 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 for the year ended 30 April 2021 comprised 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 advice 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, including the impact 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
Covid-19: Impact on our clients, our people and pressure on earnings, margins and cash flow.	<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. – Wellbeing resources made available to staff. – Maintaining close relationships with teams, making sure our people remain connected and informed.
Reputation and brand: Damage to our reputation and brand.	<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.
Financial: Pressure on earnings, margins and costs.	<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.
Evolving markets: Impact of changes in legal markets and client requirements and of political, regulatory and security risks in emerging markets.	<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. – Global risk network with local expertise.

Risk	Response
<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, A&O Consulting, Collaborate, Bond Matrix, BrexitMatrix, IBOR Matrix, 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. – Multi-function team managing the risks associated with temporary overseas and fly in-fly out working.
<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 headed by the Chief Privacy Officer which oversees a global programme of measures designed to ensure ongoing compliance with privacy laws globally, including the EU General Data Protection Regulation.
<p>Supply chain risk: Adverse impacts to the firm or its reputation arising from its supply chain.</p>	<ul style="list-style-type: none"> – Robust procurement, Information Security and in-house legal policies and processes, including as regards contractual terms.
<p>UK exit from the EU: Possible adverse impact on practices.</p>	<ul style="list-style-type: none"> – Short-and medium-term review of the ongoing implications of the UK's exit from the EU for clients and the firm, both in terms of risks and opportunities, which is overseen by a firm-wide specialist group.



People and performance

In a year like no other, listening to and supporting the needs of our people was a priority for the firm globally.

Our clients expect the highest standards from us, and we have similarly high expectations of each other. Our approach to attracting and retaining the best people has always focused on being inclusive – a place where everyone has the same opportunity to develop and achieve their potential, both personally and professionally.

In the last financial year, our focus on flexibility, inclusion and wellbeing helped us thrive as a business in the face of unprecedented challenge. Over the last year all of our people, across our network, in different ways faced huge disruption in their personal lives, dealing with bereavement, sickness or isolation, home-schooling, additional caring responsibilities or separation from family.

As we all dealt with great uncertainty and disruption at home, the same was true in the professional context, where our people experienced significant change to the way we work, the expectations of clients and the means of delivery. We know our success depends on supporting the health and wellbeing of our people and ensuring their working environment is one where they feel valued and their individual needs are recognised. In dealing with the impact of the Covid-19 pandemic, we have prioritised our responsibilities as a global employer throughout.

Our approach to attracting and retaining **the best people has always focused on being inclusive** – a place where everyone has the same opportunity to develop and achieve their potential, both personally and professionally.

A flexible culture

When Covid lockdowns were imposed around the world, our offices quickly and efficiently transitioned to remote working. While working from home has many advantages, we saw that maintaining our culture and the relationships usually leveraged through meetings and office interactions would require our full attention. We delivered a number of initiatives at a local and global level to engage with our teams and make sure people remained connected and informed.

We recognised the need to listen to our people's diverse needs at a time of intense challenge and we were flexible in our approach as we sought to give people the best experience possible. As our colleagues dealt with a variety of difficulties at home, we understood their need to adjust when and how they worked, particularly where they had caring responsibilities, and we fully respected their ability to manage their own time.

We will maintain our agile approach to remote working as we enter a new hybrid world, with different countries travelling that journey on different timescales. We have a lot to learn about what these new working models might look like, combining the benefits gained from office time with the upsides of working from home. We envisage many of our people spending a mix of time in the office and at home in future, in a way that works for them, their teams and our clients.

Health and wellbeing

As the pandemic began to unfold, we knew that the mental and physical health and wellbeing of our people would need to be our primary focus and we have maintained that commitment throughout the past year.

The firm has continued to roll out mindful leader training for partners as part of our Minds Matter programme, which aims to promote a culture of health where people can flourish and deliver healthy and sustainable high performance. The firm's 40 plus Mental Health Advocates, who are partners and senior support professionals in every major office and practice group, have been working to embed the principles of the Mindful Business Charter, which the firm signed in May 2020 with the aim of reducing unnecessary sources of workplace stress. Many teams have been committing to '10 Small Things' that they can do to adopt healthier working practices.

We have encouraged a culture of openness and understanding by sharing stories about our peoples' varying realities, including the challenges they are facing. Our senior leaders have embraced this principle of authenticity at work, talking about their own struggles through the pandemic and in so doing giving others the space to do the same, which was widely appreciated.



Diversity and inclusion

One thing that the events of the past year really triggered was a step-change in people's awareness and willingness to engage in discussions around diversity and inclusion. Maybe because we have all lived different versions of the same challenging experiences through the pandemic, we have observed an increase in empathy and that – alongside the murder of George Floyd and the rise of the Black Lives Matter movement – has translated into a push for greater action on race and ethnicity.

We continued our business-wide focus on diversity and inclusion in the last financial year, and we intensified our efforts to bring about change on racial and ethnic diversity within our teams. We know we cannot be successful by all being the same, and each and every one of us has a responsibility to celebrate, cherish and defend difference. Our global efforts

included a Combatting Racism series of seminars for partners, and listening sessions, both at group level and for management, to learn about the lived experience of others at A&O. We are also rolling out inclusive leadership training for all partners to encourage more inclusive decision making, relationship-building and culture.

A&O's All In commitment is our latest initiative on the journey to creating an inclusive culture that celebrates and embraces difference. We are working hard to help the firm's partners and employees understand why an inclusive culture matters, the importance of allyship, and what steps they can take to become an ally. We have run sessions for our people on why inclusion matters, and understanding the nuances of diversity and inclusion in the regions in which we operate.

We have maintained our high level of investment in developing our people, with a strong focus on mentoring and coaching, particularly in support of new team members and our new graduate intake. We introduced our new REACH mentoring and piloted a number of career workshops to specifically support ethnically and racially diverse lawyers with their professional development.

We were able to efficiently transition the vast majority of our training to virtual delivery for our people around the world and delivered more than 1,600 hours of skills-based training remotely. We continue to focus on wellbeing and diversity in all of our talent programmes and we have provided additional support on working remotely and leading people virtually in response to the pandemic.

In the last financial year, we worked hard to be agile, adaptable, open-minded and, above all, human as we strived to support our people through extraordinary times.



Pro bono and community investment

Our global programme of pro bono and community investment (**PBCI**) promotes access to justice, education and employment. It is overseen by partners Hilde van der Baan in Amsterdam and Franz Ranero in London, supported by a central PBCI management team and network of over 100 partners and champions worldwide.

You can read interviews and articles about our work in our publication, *Increasing Access*.

Over the past year, our lawyers have delivered 48,896 hours of pro bono and community investment work – an increase of more than 11%, nearly 5,000 hours, from the previous year. Our professional support teams also contribute a significant amount of time and skills – from technology and marketing to finance and project management – in support of our charity partners around the world.

This year, our partners have contributed a total of £2.4m to charitable funds, including £1.6m via The Allen & Overy Foundation (the **Foundation**). The Foundation provides grants to non-profit organisations through our Global Grants Programme, supported by up to 100 hours of pro bono work for each organisation. This, along with emergency relief donations, represents approximately 25% of Allen & Overy's grant making – the rest is allocated by our network of offices to support their local communities and charities.

The past year has
seen many charities
face huge shortfalls
and uncertainties...



£2.4m

contributed to charitable funds during the year

£1.6m

via the Allen & Overy Foundation



Partnering with Hope and Homes for Children during the Covid-19 pandemic

Our current Global Charity Partnership with Hope and Homes for Children, an organisation working to end the institutional care of children around the world, ended in July and has exceeded expectations, contributing over £1.8m in fundraising, pro bono and in-kind support.

The past year has seen many charities face huge shortfalls and uncertainties during the Covid-19 pandemic, so we extended our partnership for ten months to help Hope and Homes for Children deal with the effects of the crisis; in particular the threat of children being driven into institutions in large numbers, at the same time as panic closures of orphanages forced thousands of vulnerable children back into families with no planning, preparation or oversight.

By extending our partnership and funding, we helped Hope and Homes for Children to reach 136,000 children during 2020 – its highest number ever; keeping them safe, paying rent for families at risk of eviction, providing food and medicines, deploying frontline social workers to respond to a surge in domestic violence and protecting children at risk of being sexually exploited or trafficked into forced labour.

Two countries we have focused on, in particular, are India and Nepal, where the Covid-19 pandemic is still extremely serious. Hope and Homes for Children is working with its local partner organisations to tackle the immediate risks and to address longer-term problems.

Many other countries are also still grappling with the impact of the virus, so the focus is on continuing to ensure children and their families are at the heart of efforts both during the pandemic and through the recovery period.

Our next Global Charity Partnership – addressing social mobility

The Covid-19 pandemic has revealed the level of social inequality that still exists in so many countries around the world and, in many cases, exacerbated it. Our next global partnership, starting in September 2021, will therefore focus on tackling these inequalities.

Social mobility has been at the centre of Allen & Overy's PBCI work for many years, with access to education and employment a focus of work in virtually every office in our network.

Across Germany, Hong Kong, Luxembourg, South Africa, Spain and the UK we provide bursaries and scholarships to support students from low socio-economic and immigrant backgrounds through higher education. In Hong Kong, for example, where our programme increasingly focuses on marginalised ethnic minority communities, we are paying all living and education costs for five Nepalese girls, from primary school through to college.

Also in Asia, we have funded high-speed Wi-Fi installation and data for 2,000 residents in public housing blocks in Singapore, enabling access to online learning and job sites during lockdown, as well as helping a charity to move its STEM lessons online, meaning it now reaches 10,000 children living in shelters across South East Asia.

In Budapest, our long-running litigation has achieved financial compensation for over 60 Roma children who experienced segregation in schools; and in Belgium, we have supported a weekend school for underprivileged children in Brussels for nearly ten years, which supplements children's schooling and educates them about careers in top professions. Our first intern from the school will join us once we return to the office.

In Spain, we provide training and support for students in foster care and those at risk of being excluded from the education system. In London, tackling the growing problem of school exclusions is also the focus of a new wide-reaching programme, through which we are developing resources for parents and school governors, supporting extracurricular activities targeted at vulnerable children, helping to set up a new legal advice clinic for parents to challenge exclusion decisions, and funding four London schools to implement activities that address the root causes of exclusions.

Supporting racial equality

Another important issue for us is addressing racial inequality, particularly in support of the Black Lives Matter movement and anti-racism demonstrations seen around the world over the past year.

In the U.S., we have joined The Law Firm Anti-Racism Alliance (**LFAA**), now signed by over 240 firms internationally, which held its first virtual summit in July 2020 to consider how institutions can change the way they deal with racial inequality. We are a member of a number of working groups within the LFAA, including a leadership role in its voting rights efforts. This work ties in with our support of the non-partisan voter protection national phone hotline, run via the Election Protection coalition of The Lawyers' Committee for Civil Rights, and with other voting rights work in the U.S.

In a related project for the Association of Pro Bono Counsel's Racial Justice Working Groups, we are involved in the creation of Race Equity Resource Guides on the systemic racism arising in voting rights, education, environmental justice, child poverty and immigration. These guides provide a resource for lawyers and have led us to a number of pro bono projects intended to improve racial equality in these areas.

An Allen & Overy team from New York and Johannesburg also participated in a research project for a New York organisation, looking into case studies from a range of institutions in the U.S. and elsewhere that have successfully addressed inequalities within their processes and history, to bring practical examples to the organisation's own discussions.

In Europe and the UK, an international team of 20 Allen & Overy lawyers conducted a major research project with a long-standing partner, Fair Trials, into racial and ethnic disparities within criminal justice processes.

The first phase of research focused on trends across 13 EU jurisdictions, followed by a second phase looking specifically at whether better documentation of racial discrimination in the UK has led to changes in regulation and legislation.

The research found evidence of racial and ethnic discrimination within criminal justice systems in every country; most evident in police bias, violence towards offenders and criminalisation of behaviour that disproportionately affects immigrant populations – at the same time as failing to criminalise activities, such as hate crimes, that impact minority groups.

Across most countries, research has also shown that immigrants, racial and ethnic minorities and traveller populations are more likely to be held in pre-trial detention, experience violence while in custody and receive longer sentences than non-migrant or white counterparts for the same crime in the same circumstances.

The research found little evidence of regulatory efforts in the majority of EU states to address these inequalities, so Fair Trials is now using our research to prepare briefings for meetings with MEPs from EU states.

Creating one of Wales' largest mental health charities

In a pro bono project described by the client as “nothing short of astonishing”, a cross-practice team in London has completed a complex merger of three Welsh mental health charities to create Adferiad Recovery, now one of the largest charities in Wales with 800 staff and 20,000 service users. By the end of the merger, nearly 20 of our lawyers from Corporate, Banking, IP, Employment, Pensions, Real Estate and Tax had been involved.

Adferiad Recovery now combines the expertise of the combined charities to provide enhanced support for people struggling with mental health issues and substance misuse, as well as for service veterans and people with learning difficulties.

As Adferiad Recovery's Chairman Clive Wolfendale said: *“In 46 years of work in public, third and private sector, I have never seen advice of this type delivered with such clarity, authority and timeliness. Simply fantastic.”*

Environment

During the year, the firm continued to demonstrate its commitment to environmental sustainability by supporting UN Sustainable Development Goal 13 – Climate Action, and announcing a Science Based Target (SBT) to reduce our carbon footprint from both Scope 1/2 and Scope 3 emissions by 50% by 2030 against a 2019 baseline. Going forward, we will report against the wider scope of this target than previous reporting. We purchased Verified Carbon Standard carbon credits and Renewable Energy Certificates/renewable Guarantees of Origin to offset the CO₂ from all our residual emissions in 2019. Just under 76% of our global electricity consumption was supplied from renewable sources in 2020.

Just over 57% 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 2020 (pre-SBT scope)

Our reported global carbon footprint has decreased from 29,079 tCO₂ equivalent (using location based emissions factors* for grid electricity) in calendar year 2019, to 15,814 tCO₂ equivalent in calendar year 2020. This decrease of 46% must be seen in the context of the global Covid-19 pandemic, and the unprecedented impact on our business travel and buildings-related emissions. However, over the calendar year employee numbers and occupied floor space increased by 3% 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 air travel (-76%), reduced electricity consumption (-8%) and reduced natural gas consumption (-24%).

Taking into account our consumption of renewable electricity (using market based emissions factors* for grid electricity) our carbon footprint was 8,882 tCO₂ equivalent.

*following the Greenhouse Gas Protocol Scope 2 guidance

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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. The Group's SECR disclosures for the current financial year are shown below along with comparative information for the year ended 30 April 2020.

	Year ended 30 April 2021 UK and offshore	Comparison with year ended 30 April 2020	Year ended 30 April 2020 UK and offshore
Energy consumption used to calculate emissions:	Gas: 6,394,633 kWh	-22%	Gas: 8,178,501 kWh
*Transport combustion of fuel has been estimated from business mileage claims, and cannot be reliably converted to kWh.	Electricity: 22,310,029 kWh	-14%	Electricity: 26,086,005 kWh
	Transport fuel: 14,033 miles*	-25%	Transport fuel: 18,769 miles*
Emissions from combustion of gas tCO ₂ e (Scope 1)	1,175.8 tCO ₂ e	-22%	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)	3.9 tCO ₂ e	-26%	5.2 tCO ₂ e
Emissions from purchased electricity (Scope 2, location/market based)/tCO ₂ e	5,201.4 tCO ₂ e (location based)	-22%	6,667.6 tCO ₂ e (location based)
	63.6 tCO ₂ e (market based)	-85%	423.0 tCO ₂ e (market based)
Total gross tCO ₂ e based on the above (using location based Scope 2 emissions)	6,381.0 tCO ₂ e	-22%	8,176.4 tCO ₂ e
Intensity ratio: tCO ₂ e (gross Scope 1 + 2)/m ² & FTE	0.12 tCO ₂ e/m ²	-22%	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's GHG Conversion Factors for Company Reporting (2020 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 implemented improved control of the HVAC chillers in its London premises, resulting in reduced chiller electricity consumption during the period January-March 2020 of over 40%.

The Energy and Carbon Report was approved by the partners and signed on their behalf on 23 September 2021 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. The Members have prepared the Group and the LLP financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (the **Act**).

Under company law, as applied to limited liability partnerships, Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the LLP and of the profit or loss of the Group 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 international accounting standards in conformity with the requirements of the Act have been followed, 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 the LLP will continue in business.

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and the LLP’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and the LLP and enable them to ensure that the financial statements comply with the Act.

The Members are responsible for the maintenance and integrity of the LLP’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 23 September 2021 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 LLP financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the LLP's affairs as at 30 April 2021 and of the group's profit and the group's and LLP's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 2021; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and limited liability partnership cash flow statements, 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

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

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

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

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

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, 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 LLP'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 LLP 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to SRA Regulation, data protection and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results, inappropriate recognition of revenue through an inappropriate valuation of unbilled revenue and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the design of management's controls designed to prevent and detect irregularities;
- Discussions with the group and entity level management teams, internal audit, internal legal counsel and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Assessment of whistleblowing matters reported and investigations performed by management (if applicable);
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates, in particular the estimate made in relation to the valuation of unbilled revenue, and certain provisions;
- Identifying and testing unusual journal entries, in particular those journal entries posted with an unusual account combination; and
- Performing unpredictable procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 opinions, 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 these opinions, 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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the LLP 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
23 September 2021

Annual Financial Statements

Consolidated income statement – Year ended 30 April 2021

	Notes	2021 £m	2020 £m
Revenue from contracts with clients	5	1,770.8	1,692.3
Operating costs			
Staff costs	8	(664.6)	(639.3)
Depreciation, amortisation and impairment		(111.6)	(107.4)
Net impairment gains/(losses) on financial and contract assets	27	14.4	(34.6)
Other operating expenses		(181.3)	(222.3)
Operating profit		827.7	688.7
Other income		4.8	12.1
Finance income	9	2.6	3.7
Finance costs	9	(12.8)	(14.6)
Profit before taxation		822.3	689.9
Taxation	10	(38.7)	(36.4)
Profit before partners' remuneration and profit shares		783.6	653.5
Partners' remuneration charged as an expense		(263.6)	(223.6)
Profit for the financial year available for division among full partners		520.0	429.9

Consolidated statement of comprehensive income – Year ended 30 April 2021

	Notes	2021 £m	2020 £m
Profit for the financial year available for division among full partners		520.0	429.9
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange (loss)/gain on translation of foreign operations		(5.6)	2.1
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension scheme	24	(5.5)	(12.7)
Other comprehensive loss for the year		(11.1)	(10.6)
Total comprehensive income for the year		508.9	419.3

Consolidated balance sheet – At 30 April 2021

	Notes	At 30 April 2021 £m	At 30 April 2020 £m
Assets			
Non-current assets			
Intangible assets	11	23.7	30.0
Property, plant and equipment	12	61.0	74.4
Right of use assets	14	376.5	456.0
Client and other receivables	17	53.3	47.0
Investments	16	0.5	0.6
Retirement benefit surplus	24	48.2	52.6
		563.2	660.6
Current assets			
Client and other receivables	17	791.5	789.3
Amounts due from partners	25	28.0	2.3
Cash and cash equivalents	18	352.1	197.1
		1,171.6	988.7
Total assets		1,734.8	1,649.3
Liabilities			
Current liabilities			
Trade and other payables	19	(379.7)	(329.8)
Current tax liabilities		(5.1)	(2.0)
Lease liabilities	14	(95.6)	(91.4)
Provisions for other liabilities and charges	20	(9.1)	(7.3)
Partners' capital	25	(7.1)	(6.0)
		(496.6)	(436.5)
Non-current liabilities			
Trade and other payables	19	(109.2)	(84.9)
Lease liabilities	14	(371.4)	(467.9)
Provisions for other liabilities and charges	20	(82.4)	(84.1)
Partners' capital	25	(167.6)	(134.7)
		(730.6)	(771.6)
Total liabilities		(1,227.2)	(1,208.1)
Net assets		507.6	441.2
Equity			
Partners' other reserves		514.9	442.9
Translation reserve		(7.3)	(1.7)
		507.6	441.2
Total partners' interests			
Amounts due from partners	25	(28.0)	(2.3)
Partners' capital classed as a liability	25	174.7	140.7
Total partners' other interests	25	507.6	441.2
		654.3	579.6

The financial statements on pages 35 to 85 were authorised for issue by the partners and signed on their behalf on 23 September 2021 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 2021

	Notes	At 30 April 2021 £m	At 30 April 2020 £m
Assets			
Non-current assets			
Intangible assets	11	23.7	30.0
Property, plant and equipment	13	29.5	39.8
Right of use assets	15	264.0	331.1
Client and other receivables	17	52.7	46.1
Investments	16	10.2	10.2
Retirement benefit surplus	24	48.2	52.6
		428.3	509.8
Current assets			
Client and other receivables	17	753.1	805.4
Current tax asset		–	0.2
Amounts due from Members	25	8.6	–
Cash and cash equivalents	18	300.1	139.1
		1,061.8	944.7
Total assets		1,490.1	1,454.5
Liabilities			
Current liabilities			
Trade and other payables	19	(379.2)	(348.5)
Current tax liabilities		(9.0)	–
Lease liabilities	15	(75.5)	(74.2)
Provisions for other liabilities and charges	20	(8.8)	(7.0)
Amounts due to Members	25	–	(30.1)
Members' capital	25	(7.1)	(6.0)
		(479.6)	(465.8)
Non-current liabilities			
Trade and other payables	19	(70.7)	(54.3)
Lease liabilities	15	(272.2)	(354.4)
Provisions for other liabilities and charges	20	(78.6)	(80.3)
Members' capital	25	(162.3)	(130.6)
		(583.8)	(619.6)
Total liabilities		(1,063.4)	(1,085.4)
Net assets		426.7	369.1
Equity			
Members' other reserves at 1 May		370.6	392.4
Profit for the financial year attributable to Members		437.9	358.1
Other changes in Members' other reserves		(375.9)	(379.9)
Members' other reserves at 30 April		432.6	370.6
Translation reserve		(5.9)	(1.5)
		426.7	369.1
Total Members' interests			
Amounts (from)/to Members	25	(8.6)	30.1
Members' capital classed as a liability	25	169.4	136.6
Total Members' other interests	25	426.7	369.1
		587.5	535.8

The financial statements on pages 35 to 85 were authorised for issue by the Members and signed on their behalf on 23 September 2021 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 2021

	Notes	2021 £m	2020 restated £m
Cash flows from operating activities			
Cash generated from operations	22	976.2	852.9
Tax paid		(35.6)	(42.3)
Net cash inflow from operating activities		940.6	810.6
Cash flows from investing activities			
Purchase of property, plant and equipment		(12.6)	(28.2)
Purchase of intangible assets		(0.1)	(6.0)
Interest received		0.3	0.6
Receipts for finance lease receivables		10.3	9.5
Net cash used in investing activities		(2.1)	(24.1)
Cash flows from financing activities			
Net partners' capital introduced	25	40.6	15.1
Capital repayments to partners	25	(11.0)	(12.2)
Payments to and on behalf of partners		(727.4)	(610.3)
Movement on subordinated loans	19	25.3	(0.7)
Principal elements of lease payments	14	(94.7)	(86.1)
Lease interest paid	14	(10.1)	(11.6)
Interest paid		(1.2)	(1.0)
Net cash used in financing activities		(778.5)	(706.8)
Net increase in cash and cash equivalents		160.0	79.7
Cash and cash equivalents at beginning of year		197.1	124.9
Effects of foreign exchange rate changes		(5.0)	(7.5)
Cash and cash equivalents at end of year	18	352.1	197.1

The prior year cash flow has been restated to reflect changes in partner subordinated loans of £0.7m within financing activities instead of operating activities. This is because partner subordinated loans form part of the capital structure of the firm.

Limited Liability Partnership cash flow statement – Year ended 30 April 2021

	Notes	2021 £m	2020 restated £m
Cash flows from operating activities			
Cash generated from operations	23	768.2	611.6
Tax paid		(21.3)	(35.4)
Net cash inflow from operating activities		746.9	576.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(6.9)	(9.9)
Purchase of intangible assets		(0.1)	(6.0)
Interest received		0.2	0.2
Receipts for finance lease receivables		9.9	9.4
Net cash inflow/(used) in investing activities		3.1	(6.3)
Cash flows from financing activities			
Members' capital introduced	25	40.4	14.5
Capital repayments to Members	25	(10.9)	(12.0)
Payments to and on behalf of Members		(552.1)	(437.2)
Movement on subordinated loans	19	19.5	(0.4)
Principal elements of lease payments	14	(75.2)	(67.5)
Lease interest paid	14	(7.5)	(8.8)
Interest paid		(1.0)	(0.8)
Net cash used in financing activities		(586.8)	(512.2)
Net increase in cash and cash equivalents		163.2	57.7
Cash and cash equivalents at beginning of year		139.1	84.1
Effects of foreign exchange rate changes		(2.2)	(2.7)
Cash and cash equivalents at end of year	18	300.1	139.1

The prior year cash flow has been restated to reflect changes in partner subordinated loans of £0.4m within financing activities instead of operating activities. This is because partner subordinated loans form part of the capital structure of the firm.

Consolidated statement of changes in equity – Year ended 30 April 2021

	Equity 2021			Equity 2020		
	Other reserves £m	Translation reserve £m	Total £m	Other reserves £m	Translation reserve £m	Total £m
Equity at 1 May	442.9	(1.7)	441.2	464.3	(3.7)	460.6
Profit for the financial year available for division among partners	520.0	–	520.0	429.9	–	429.9
Exchange (loss)/gain on translation of foreign operations	–	(5.6)	(5.6)	–	2.0	2.0
Actuarial loss on pension scheme	(5.5)	–	(5.5)	(12.7)	–	(12.7)
Total comprehensive income for the year	514.5	(5.6)	508.9	417.2	2.0	419.2
Profit allocated to partners	(442.5)	–	(442.5)	(438.6)	–	(438.6)
Total transactions with partners recognised directly in equity	(442.5)	–	(442.5)	(438.6)	–	(438.6)
Equity at 30 April	514.9	(7.3)	507.6	442.9	(1.7)	441.2

Limited Liability Partnership statement of changes in equity – Year ended 30 April 2021

	Equity 2021			Equity 2020		
	Other reserves £m	Translation reserve £m	Total £m	Other reserves £m	Translation reserve £m	Total £m
Equity at 1 May	370.6	(1.5)	369.1	392.4	(2.8)	389.6
Profit for the financial year attributable to Members	437.9	–	437.9	358.1	–	358.1
Exchange (loss)/gain on translation of foreign operations	–	(4.4)	(4.4)	–	1.3	1.3
Actuarial loss on pension scheme	(5.2)	–	(5.2)	(12.7)	–	(12.7)
Total comprehensive income for the year	432.7	(4.4)	428.3	345.4	1.3	346.7
Profit allocated to Members	(370.7)	–	(370.7)	(367.2)	–	(367.2)
Total transactions with Members recognised directly in equity	(370.7)	–	(370.7)	(367.2)	–	(367.2)
Equity at 30 April	432.6	(5.9)	426.7	370.6	(1.5)	369.1

Notes to the Financial Statements

Year ended 30 April 2021

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 2021. **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 (the **Act**) as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the **Regulations**).

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 2020:

- Definition of Material – amendments to IAS 1 and IAS 8;
- Definition of a Business – amendments to IFRS 3;
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS7; and
- Revised Conceptual Framework for Financial Reporting.

The 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.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period commencing 1 May 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group or the LLP in the current or future reporting periods and on foreseeable future transactions.

3 Significant accounting policies

Going concern

The Group had £352.1m of cash at 30 April 2021 (2020: £197.1m). In common with other businesses, the continued impact of Covid-19 on global economic conditions could affect demand for our services and may create liquidity pressure on our clients and subtenants, which would affect the recoverability of our assets. However, the Group has performed well during FY21 despite Covid-19 and has maintained its considerable financial resources. The Group also benefits from being international, having a large client base spread across different industry 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, including as a result of the Covid-19 pandemic. The firm has prepared a sensitivity analysis of its business plan and evaluated the impact of a severe but plausible downside scenario impacting 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 accounting standards in conformity with the requirements of the Act and International Financial Reporting Interpretation Committee (IFRIC) interpretations in conformity with the requirements of the Act as applicable to limited liability partnerships by the Regulations. 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 billed soft costs where the Group acts as principal and excludes billed disbursements where the Group acts as agent and 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 nature, and that are non-recurring, and are presented within the line items to which they best relate.

Other operating expenses

Other operating expenses comprise overheads including property costs, IT, marketing, insurance, professional fees, irrecoverable disbursements and office expenses as well as exchange rate gains and losses that are recognised in the income statement.

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 in the income statement.

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 of and to use or then 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.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment property generates cash flows that are largely independent of the other assets held by an entity. Therefore, when the Group sublets office space that is either owned or leased and held as a right of use asset, it determines whether the relevant asset or portion of that asset should be designated as investment property. This is only applicable when the sublease is an operating lease. If the sublease has been classified as a finance lease, then the relevant asset is not investment property.

A property, or portion of owned or leased property, sublet under operating lease arrangements, is classified as investment property if:

- it could be sold separately, or leased out separately under a finance lease;
- only an insignificant portion of that property is held for use by the Group in the supply of services or for administrative purposes; and
- any ancillary services provided to the occupants of the property are insignificant to the arrangement as a whole.

Owner-occupied property, including property occupied by employees, property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, and owner-occupied property awaiting disposal are not classified as investment property.

Investment properties are accounted for under the cost model.

Leases

Group as lessee

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 that is then adjusted for characteristics specific to the lease; for example term, country, currency and security and 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.

Group as lessor

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 sublease 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 'Finance income'.

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 branch of the 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.

Claims and regulatory proceedings

In common with other law firms, the Group may be involved in a number of disputes in the ordinary course of business which give rise to claims by clients or regulatory bodies. The Group will defend such claims unless and until it is appropriate to settle or otherwise resolve them. Where liability, legal or other costs are likely to be incurred by the Group in defending and ultimately concluding such matters, and those costs can be measured reliably, they are provided for in the financial statements. Amounts provided for are based on management's assessment of the specific circumstances in each case and after offsetting any relevant insurance cover. The Group carries professional indemnity insurance and no separate disclosure is made of the detail of any claims or proceedings, or the costs recovered by insurance, as to do so could seriously prejudice the position of the Group and breach the confidentiality of clients.

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, and agreed by the Board by reference to future working capital needs of the business, 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 (see 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 (see note 24) and former partner annuities (see 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 (see 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 (see note 27) – assessing risk of default and estimating expected loss rates.
- Impairment of right of use assets – assessing future sublease 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:

	2021 £m	2020 £m
UK	697.0	652.8
Continental Europe	584.2	545.3
Asia Pacific	239.2	241.0
Americas	161.2	150.4
Middle East & Africa	89.2	102.8
	1,770.8	1,692.3

6 Profit before taxation

	2021 £m	2020 £m
Profit before taxation is stated after charging/(crediting):		
Depreciation of property, plant and equipment	24.7	24.1
Depreciation of right of use assets	79.7	79.3
Amortisation of intangible assets	6.4	2.0
Loss on sale of property, plant and equipment	0.5	0.3
Impairment charge on right of use assets	0.8	1.8
Net impairment (gains)/losses on financial and contract assets	(14.4)	34.6
Net foreign exchange loss/(gain)	15.6	(2.9)
Sublease rental income	(3.5)	(7.3)

7 Auditors' remuneration

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

	2021 £m	2020 £m
Fees payable to the LLP's auditors for the audit of the LLP's and the Group's consolidated financial statements:	0.8	0.6
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	0.3
– Taxation compliance services	0.4	1.3
– Taxation advisory services	0.4	0.2
– Other assurance and transaction services	0.6	1.2
	2.7	3.8

8 Staff and staff costs

	Consolidated		Limited Liability Partnership	
	2021 No.	2020 No.	2021 No.	2020 No.
The average number of partners and employees during the year was:				
Partners	560	553	406	389
Lawyers and other fee earners	2,713	2,633	1,812	1,747
Support staff	2,334	2,295	1,372	1,355
	<u>5,607</u>	<u>5,481</u>	<u>3,590</u>	<u>3,491</u>
	2021 £m	2020 £m	2021 £m	2020 £m
Staff costs incurred during the year were:				
Salaries (including staff bonuses)	543.5	512.3	383.9	361.2
Social security costs	48.6	44.2	38.4	35.1
Pension costs	21.0	20.3	16.8	16.4
Other short term employee benefits	32.2	41.1	31.6	39.7
Employee costs	<u>645.3</u>	<u>617.9</u>	<u>470.7</u>	<u>452.4</u>
Other costs (such as staff development, recruitment, medical expenses, and the cost of temporary staff)	19.3	21.4	15.2	15.7
	<u>664.6</u>	<u>639.3</u>	<u>485.9</u>	<u>468.1</u>

9 Finance income and costs

	2021 £m	2020 £m
Finance income		
Interest receivable on bank deposits	0.3	0.6
Finance income on lease receivables (note 14)	1.5	1.4
Net finance income on retirement benefits plan (note 24)	0.8	1.7
	<u>2.6</u>	<u>3.7</u>
Finance costs		
Interest payable on bank loans and overdrafts	(1.2)	(0.9)
Unwinding of discount on lease liabilities (note 14)	(10.1)	(11.6)
Unwinding of discount and effect of change in discount rate on provisions (note 20)	(1.5)	(2.1)
	<u>(12.8)</u>	<u>(14.6)</u>

10 Taxation

	2021 £m	2020 £m
Current tax on profits for the year	38.8	36.0
Adjustments in respect of prior years	(0.1)	0.4
Total current tax	38.7	36.4

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.

	2021 £m	2020 £m
Profit before taxation	822.3	689.9
Less: Amounts subject to personal tax	(681.6)	(550.3)
Profits subject to taxation	140.7	139.6

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:

	2021 £m	2020 £m
Profits subject to tax	140.7	139.6
At UK corporation tax of 19% (2019 – 19%)	26.7	26.5
Tax effects of:		
Different tax rates and bases in other jurisdictions	10.2	8.4
Unrelieved losses	1.9	1.1
Adjustment in respect of prior years	(0.1)	0.4
Current year charge for the year	38.7	36.4

In the Spring Budget 2021, the government announced that from 1 April 2023 the corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted; substantive enactment occurred on 24 May 2021; therefore its effects are not included in these financial statements.

11 Intangible assets

	Consolidated and Limited Liability Partnership	
	2021 £m	2020 £m
Internally generated IT software		
Cost		
At 1 May	50.9	44.9
Additions	0.1	6.0
At 30 April	51.0	50.9
Accumulated amortisation		
At 1 May	20.9	18.9
Charge for year	6.4	2.0
At 30 April	27.3	20.9
Net book value		
At 30 April	23.7	30.0

The cost and net book value of assets under development was £nil (2020: £nil).

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 2019	241.9	67.4	100.3	0.3	409.9
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 1 May 2020	232.7	61.4	46.9	0.3	341.3
Currency translation adjustments	(4.4)	(1.0)	(0.8)	–	(6.2)
Additions	5.6	1.6	5.4	–	12.6
Disposals	(2.2)	(2.1)	(5.2)	–	(9.5)
At 30 April 2021	231.7	59.9	46.3	0.3	338.2
Accumulated depreciation					
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 1 May 2020	183.1	50.4	33.2	0.2	266.9
Currency translation adjustments	(3.6)	(1.0)	(0.8)	–	(5.4)
Charge for year	11.5	3.7	9.5	–	24.7
Disposals	(1.8)	(2.0)	(5.2)	–	(9.0)
At 30 April 2021	189.2	51.1	36.7	0.2	277.2
Net book value					
At 30 April 2021	42.5	8.8	9.6	0.1	61.0
At 30 April 2020	49.6	11.0	13.7	0.1	74.4

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 2019	201.4	45.9	82.2	–	339.5
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 1 May 2020	192.7	41.6	32.2	–	266.5
Currency translation adjustments	(3.7)	(1.0)	(0.7)	–	(5.4)
Additions	2.3	0.6	4.0	–	6.9
Disposals	(1.5)	(1.3)	(4.9)	–	(7.7)
At 30 April 2021	189.8	39.9	30.6	–	260.3
Accumulated depreciation					
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 1 May 2020	168.6	37.1	21.0	–	226.7
Currency translation adjustments	(3.2)	(0.9)	(0.7)	–	(4.8)
Charge for year	7.3	1.7	7.4	–	16.4
Disposals	(1.3)	(1.3)	(4.9)	–	(7.5)
At 30 April 2021	171.4	36.6	22.8	–	230.8
Net book value					
At 30 April 2021	18.4	3.3	7.8	–	29.5
At 30 April 2020	24.1	4.5	11.2	–	39.8

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.

Group as a lessee

Right of use assets	Property £m	Equipment and vehicles £m	Total £m
Cost			
At 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 1 May 2020	534.0	3.4	537.4
Currency translation adjustments	(13.1)	(0.2)	(13.3)
Additions	13.3	0.6	13.9
Disposals	(3.9)	–	(3.9)
At 30 April 2020	530.3	3.8	534.1
Accumulated depreciation and impairment charges			
At 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 1 May 2020	80.5	0.9	81.4
Currency translation adjustments	(4.1)	(0.1)	(4.2)
Depreciation charge for year	78.7	1.0	79.7
Depreciation on disposals	(0.1)	–	(0.1)
Impairment loss	0.8	–	0.8
At 30 April 2021	155.8	1.8	157.6
Net book value			
At 30 April 2021	374.5	2.0	376.5
At 30 April 2020	453.5	2.5	456.0

Lease liabilities	2021 £m	2020 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	102.8	100.0
One to five years	311.3	344.4
More than five years	96.7	142.7
Total undiscounted lease liabilities	510.8	587.1
Lease liabilities included in the statement of financial position		
Current	95.6	91.4
Non-current	371.4	467.9
	467.0	559.3

Movements in the lease liability during the year were as follows:	2021 £m	2020 £m
Lease liability at 1 May	559.3	–
Recognised on adoption of IFRS 16	–	553.2
Cash flows	(104.8)	(97.7)
Interest expense	10.1	11.6
Acquisitions and lease reassessments	13.9	93.4
Disposals	(0.4)	–
Foreign exchange adjustments	(11.1)	(1.2)
Lease liability at 30 April	467.0	559.3

The total cash outflow in the year ended 30 April 2021 for all leases, including short-term leases that are not capitalised, was £106.7m (2020: £100.6m).

Amounts recognised in the statement of profit or loss for lease contracts where the Group acts as lessee:	2021 £m	2020 £m
Depreciation charge for right of use assets	79.7	79.3
Impairment loss on right of use property	0.8	1.8
Interest expense (within finance costs)	10.1	11.6
Rent expense for short term leases (within operating expenses)	3.3	4.8
Rent expense for low value leases (within operating expenses)	0.2	–

Significant judgements or estimates

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 2021, potential future cash outflows of £196m (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 £2.0m.

Group as lessor

Operating leases

The Group subleases some of its office premises. The Group has classified certain of these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to ownership of the assets. The carrying value as at 30 April 2021 of right of use property assets that are sublet under operating leases is £2.2m (2020: £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.

	2021 £m	2020 £m
Less than one year	1.0	1.1
One to two years	0.7	1.6
Total undiscounted lease payments	1.7	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.

	2021 £m	2020 £m
Less than one year	11.3	11.6
One to two years	16.1	17.2
Two to three years	13.7	12.5
Three to four years	12.7	11.1
Four to five years	12.7	11.0
More than five years	4.5	15.1
Total undiscounted lease payments	71.0	78.5
Unearned finance income	(3.4)	(5.0)
Net investment in the lease	67.6	73.5
Loss allowance on finance lease receivables (note 27)	(5.9)	(16.7)
	61.7	56.8
Lease receivables		
Current	8.4	9.8
Non-current	53.3	47.0

Amounts recognised in the statement of profit or loss for lease contracts where the Group acts as lessor:	2021 £m	2020 £m
Operating lease – lease income	3.5	7.3
Finance lease - finance income on the net investment in the lease	1.5	1.4
Finance leases – loss allowance (note 27)	(5.9)	(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 2021 from all leases (including those classified as both operating leases and finance leases) was £11.9m (£16.7m).

15 Leases – Limited Liability Partnership

Right of use assets	Property £m	Equipment and vehicles £m	Total £m
Cost			
At 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 1 May 2020	392.8	1.2	394.0
Currency translation adjustments	(9.6)	–	(9.6)
Additions	2.6	0.5	3.1
Disposals	(3.6)	–	(3.6)
At 30 April 2021	382.2	1.7	383.9
Accumulated depreciation			
At 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 1 May 2020	62.5	0.4	62.9
Currency translation adjustments	(2.7)	–	(2.7)
Depreciation charge for year	58.6	0.4	59.0
Depreciation on disposals	(0.1)	–	(0.1)
Impairment loss	0.8	–	0.8
At 30 April 2021	119.1	0.8	119.9
Net book value			
At 30 April 2021	263.1	0.9	264.0
At 30 April 2020	330.3	0.8	331.1

Lease liabilities	2021 £m	2020 £m
Current	75.5	74.2
Non-current	272.2	354.4
	347.7	428.6

Movements in the lease liability during the year were as follows:	2021 £m	2020 £m
Lease liability at 1 May	428.6	–
Recognised on adoption of IFRS 16	–	456.8
Cash flows	(82.7)	(76.3)
Interest expense	7.5	8.8
Acquisitions and lease reassessments	3.1	42.3
Disposals	(0.2)	–
Foreign exchange adjustments	(8.6)	(3.0)
Lease liability at 30 April	347.7	428.6

Lease receivables	2021 £m	2020 £m
Current	7.9	9.4
Non-current	52.7	46.1
	60.6	55.5

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 Milan, 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) 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	Service company	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	Regus, Bureau N°642 Cowork 02, Twin Center, 5th and 6th floors, Angle Bd Zerkouni et Bd Al Massira, 20100, 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 and therefore considers the following to be subsidiary 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)	(a) Level 25, 85 Castlereagh Street, Sydney, NSW 2000, Australia; and (b) Level 12, Exchange Tower, 2 The Esplanade, Perth WA 6000, 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. Pędzich sp.k.	Grzybowska 56, Warsaw, 00-844, 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	5 Avenue John 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	–
Allen & Overy Kádár 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, 00186, Rome, 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, 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 2019	0.5	10.2	–	10.2
Additions	0.1	–	–	–
At 1 May 2020	0.6	10.2	–	10.2
Disposals	(0.1)	–	–	–
At 30 April 2021	0.5	10.2	–	10.2
Carrying amount at 30 April 2021	0.5	10.2	–	10.2
Carrying amount at 30 April 2020	0.6	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 LLP's subsidiary in Vietnam).

17 Client and other receivables

	Consolidated		Limited Liability Partnership	
	2021 £m	2020 £m	2021 £m	2020 £m
Client receivables	521.3	554.6	378.6	410.4
Loss allowance (note 27)	(31.2)	(38.3)	(21.1)	(26.4)
	490.1	516.3	357.5	384.0
Contract assets – unbilled revenue	240.3	203.0	172.5	142.1
Loss allowance (note 27)	(0.5)	(3.3)	(0.2)	(2.3)
	239.8	199.7	172.3	139.8
Lease receivables (see note 14)	67.6	73.5	66.5	72.2
Loss allowance (note 27)	(5.9)	(16.7)	(5.9)	(16.7)
	61.7	56.8	60.6	55.5
Amounts due from other Group undertakings	–	–	183.7	233.3
Other receivables	23.0	33.2	8.3	17.2
Prepayments	30.2	30.3	23.4	21.7
	844.8	836.3	805.8	851.5

	Consolidated		Limited Liability Partnership	
	2021 £m	2020 £m	2021 £m	2020 £m
Included in current assets	791.5	789.3	753.1	805.4
Included in non-current assets	53.3	47.0	52.7	46.1
	844.8	836.3	805.8	851.5

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 the LLP's client and other receivables and their fair value.

As at 30 April 2021 there are £0.6m 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 1.0% 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 the LLP's exposure to credit risk and foreign currency risk, are provided in note 27.

18 Cash and cash equivalents

	Consolidated		Limited Liability Partnership	
	2021 £m	2020 £m	2021 £m	2020 £m
Cash and cash equivalents	352.1	197.1	300.1	139.1

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	
	2021 £m	2020 £m	2021 £m	2020 £m
Trade payables	61.7	65.5	50.1	52.8
Amounts due to other Group undertakings	–	–	70.0	81.5
Employment and sales taxes	37.9	37.4	31.0	34.0
Other payables	18.3	24.8	25.6	32.9
Partners' subordinated loans	81.0	55.7	54.2	34.7
Other amounts due to partners remunerated as employees or consultants	159.5	111.7	120.1	80.2
Accruals	130.3	119.3	98.9	86.7
Deferred rent	0.2	0.3	–	–
	488.9	414.7	449.9	402.8

	Consolidated		Limited Liability Partnership	
	2021 £m	2020 £m	2021 £m	2020 £m
Included in current liabilities	379.7	329.8	379.2	348.5
Included in non-current liabilities	109.2	84.9	70.7	54.3
	488.9	414.7	449.9	402.8

Non-current liabilities comprise partners' subordinated loans (£78.0m, 2020: £54.6m), other amounts due to partners remunerated as employees or consultants (£18.2m, 2020: £18.2), accruals (£9.1m, 2020: £10.1m) and deferred rent and other payables (£3.9m, 2020: £2.0m).

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

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

As at 30 April 2021, the LLP had committed bank loan facilities of £150.0m (2020: £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	100.0
Between three and five years	50.0
	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 individual is still a partner 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% (2020: 2.0%) discount factor. It is expected that the early retirement provision will be paid over the next six years.

Provision for onerous contracts and dilapidations

A provision is recognised for onerous 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 provision have been discounted to the present value using a discount rate of 3.5% (2020: 3.5%).

	Consolidated			
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2021 £m
At 1 May 2020	15.8	32.2	43.4	91.4
Currency translation adjustments	–	–	(0.3)	(0.3)
Provision utilised	(1.6)	(7.4)	–	(9.0)
	14.2	24.8	43.1	82.1
Charged to the income statement	–	–	1.2	1.2
Charge for the year:				
– former partners	–	4.0	–	4.0
– current partners	–	6.1	–	6.1
Unwind of discount and change in discount rate	–	0.2	1.3	1.5
Actuarial adjustment	(2.9)	–	–	(2.9)
Provision released:				
– current partners	–	(0.7)	–	(0.7)
Increase dilapidation asset	–	–	0.2	0.2
	(2.9)	9.6	2.7	9.4
At 30 April 2021	11.3	34.4	45.8	91.5

	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2021 £m
Included in current liabilities	1.2	5.5	2.4	9.1
Included in non-current liabilities	10.1	28.9	43.4	82.4
At 30 April 2021	11.3	34.4	45.8	91.5

	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	39.4	90.5
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

	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

Limited Liability Partnership				
	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2021 £m
At 1 May 2020	15.8	32.2	39.3	87.3
Currency translation adjustments	–	–	(0.2)	(0.2)
Provision utilised	(1.6)	(7.4)	–	(9.0)
	14.2	24.8	39.1	78.1
Charged to the income statement	–	–	1.2	1.2
Charge for the year:				
– former partners	–	4.0	–	4.0
– current partners	–	6.1	–	6.1
Unwind of discount and change in discount rate	–	0.2	1.2	1.4
Actuarial adjustment	(2.9)	–	–	(2.9)
Provision released:				
– current partners	–	(0.7)	–	(0.7)
Increase dilapidation asset	–	–	0.2	0.2
	(2.9)	9.6	2.6	9.3
At 30 April 2021	11.3	34.4	41.7	87.4

	Provision for annuities £m	Provision for early retirement of partners/ former partners £m	Provision for onerous contracts and dilapidations £m	Total 2021 £m
Included in current liabilities	1.2	5.5	2.1	8.8
Included in non-current liabilities	10.1	28.9	39.6	78.6
At 30 April 2021	11.3	34.4	41.7	87.4

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	34.4	85.5
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

	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

21 Capital commitments

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

	2021 £m	2020 £m
Property fit-out costs	1.1	1.8
	1.1	1.8

22 Reconciliation of profit to net cash inflow from operating activities – Consolidated

	Consolidated	
	2021 £m	2020 £m
Profit before taxation	822.3	689.9
Adjustments for:		
Depreciation of property, plant and equipment	24.7	24.1
Depreciation of right of use assets	79.7	79.3
Amortisation of intangible assets	6.4	2.0
Impairment of right of use assets	0.8	1.8
Expected credit (profit)/loss on lease receivables	(10.8)	16.7
Foreign exchange loss on operating activities	11.5	–
Net finance costs	10.2	10.9
Loss on disposal of property, plant and equipment	0.5	0.3
Operating cash flows before movement in working capital	945.3	825.0
Decrease in provisions	(1.1)	(1.4)
(Increase)/decrease in receivables	(20.9)	17.3
Increase in payables	52.9	12.0
Cash generated by operations	976.2	852.9

23 Reconciliation of profit to net cash inflow from operating activities – Limited Liability Partnership

	Limited Liability Partnership	
	2021 £m	2020 £m
Profit before taxation	614.5	507.9
Adjustments for:		
Depreciation of property, plant and equipment	16.4	15.8
Depreciation of right of use assets	59.0	60.9
Amortisation of intangible assets	6.4	2.0
Impairment of right of use assets	0.8	1.8
Expected credit loss on lease receivables	(10.8)	16.7
Foreign exchange loss on operating activities	5.9	-
Net finance costs	7.4	(0.7)
Loss on disposal of property, plant and equipment	0.2	8.3
Operating cash flows before movement in working capital	699.8	612.7
Decrease in provisions	(1.2)	(0.2)
Decrease/ (increase) in receivables	38.6	(128.0)
Increase in payables	31.0	127.1
Cash generated by operations	768.2	611.6

The prior year comparatives for the cash inflow from operating activities for both the Group and the LLP have been restated to reflect changes in partner subordinated loans within financing cash flows instead of operating activities. This is because partner subordinated loans form part of the capital structure of the firm.

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 UK are usually members of insured schemes into which the LLP pays contributions. These contributions are included in the amounts specified in the 'Defined contribution section and schemes' section 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 £21.0m (2020 – £20.3m). 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 LLP and scheme members. 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 the scheme.

The scheme 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 2020 and showed a surplus of £1.2m on a technical provisions basis. The next funding valuation is due as at 1 January 2023.

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 equal. The scheme holds a significant proportion of growth assets (such as equities, diversified growth funds and property 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 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 recently completed actuarial funding valuation, as at 1 January 2020, by an independent qualified actuary from Lane Clark & Peacock LLP.

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

	2021 %	2020 %
Discount rate	2.0	1.6
RPI inflation	3.2	2.6
CPI inflation	2.6	1.5
Salary increases	3.2	2.6
Pension increase in deferment	2.6	1.5
Pension increases in payment:		
RPI-linked	3.2	2.6
CPI-linked	2.6	1.5

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:

	2021 Years	2020 Years
Current pensioners at age 65 – Male	22.9	23.0
Current pensioners at age 65 – Female	24.4	24.4
Future pensioners at age 65* – Male	24.2	24.6
Future pensioners at age 65* – Female	25.8	26.2

* for non-pensioners currently aged 45

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

	2021 £m	2020 £m
Performance assets (non-property):		
Global equities (quoted)	53.6	39.2
Diversified growth funds (primarily quoted)	31.4	27.5
Property (unquoted)	10.6	10.3
Inflation opportunities fund (unquoted)	12.9	12.5
Bonds:		
Liability-driven investment (quoted)	73.4	69.1
Other fixed income (quoted)	53.6	51.1
Cash and other assets (quoted)	21.7	33.4
Defined benefit assets at end of the year	257.2	243.1

The scheme does not invest directly in property occupied by Allen & Overy or in financial securities issued by Allen & Overy.

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

	2021 £m	2020 £m
Fair value of scheme assets	257.2	243.1
Present value of defined benefit obligations	(209.0)	(190.5)
Retirement benefit surplus	48.2	52.6

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:

	2021 £m	2020 £m
Finance credit:		
Interest on pension scheme assets	3.9	6.0
Finance cost:		
Interest on pension scheme defined benefit obligations	(3.1)	(4.3)
Net finance income for the year	0.8	1.7
Past service cost	–	(0.4)
Total credit recognised in profit and loss	0.8	1.3

The past service cost in the consolidated income statement for the year ended 30 April 2020 relates to benefit increases that were identified during the year.

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

	2021 £m	2020 £m
Return on scheme assets in excess of that recognised in net interest	15.7	10.5
Actuarial losses due to changes in financial assumptions	(19.6)	(23.8)
Actuarial gains/(losses) due to changes in demographic assumptions	0.5	(0.4)
Actuarial (losses)/gains due to liability experience	(2.1)	1.0
	(5.5)	(12.7)

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

	2021 £m	2020 £m
Opening fair value of scheme assets	243.1	232.4
Interest income on scheme assets	3.9	6.0
Remeasurement gains on scheme assets	15.7	10.5
Benefits paid	(5.5)	(5.8)
Closing fair value of scheme assets	257.2	243.1

The actual return on the scheme assets during the year was a £19.6m gain (2020: £16.5m gain).

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

	2021 £m	2020 £m
Opening defined benefit obligation	(190.5)	(168.4)
Interest cost	(3.1)	(4.3)
Gain/(loss) from change in demographic assumptions	0.5	(0.4)
Loss from change in financial assumptions	(19.3)	(23.8)
Experience (losses)/gains	(2.1)	1.0
Past service cost	–	(0.4)
Benefits paid	5.5	5.8
Closing defined benefit obligation	(209.0)	(190.5)

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	9.6
0.25% increase in the expected rate of increase in salaries	0.5
0.25% increase in the assumed rate of inflation	9.4
One-year increase in average life expectancy	7.3

Future cash funding

The most recently completed full actuarial valuation was as at 1 January 2020 and was completed in 2020 using the Projected Unit valuation method. The valuation revealed a surplus at the valuation date. Accordingly, the expected contributions by the LLP to the defined benefit section of the scheme following this valuation are nil. The next actuarial valuation is due as at 1 January 2023.

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 the LLP's liabilities arising from financing activities. Amounts shown as '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'.

	Consolidated				
	Amounts due to/ (from) partners £m	Partners' capital classified as a liability £m	Equity £m	Total 2021 £m	Total 2020 £m
Total partners' interests at 1 May	(2.3)	140.7	441.2	579.6	544.2
Total comprehensive income for the year	–	–	508.9	508.9	419.2
Profit allocated to partners	442.5	–	(442.5)	–	–
Drawings and distributions	(463.8)	–	–	(463.8)	(386.7)
Capital introduced	(4.4)	45.0	–	40.6	15.1
Capital repaid	–	(11.0)	–	(11.0)	(12.2)
	(28.0)	174.7	507.6	654.3	579.6

	Limited Liability Partnership				
	Amounts due to/ (from) Members £m	Members' capital classified as a liability £m	Equity £m	Total 2021 £m	Total 2020 £m
Total Members' interests at 1 May	30.1	136.6	369.1	535.8	501.7
Total comprehensive income for the year	–	–	428.3	428.3	346.7
Profit allocated to Members	370.7	–	(370.7)	–	–
Drawings and distributions	(406.1)	–	–	(406.1)	(315.1)
Capital introduced	(3.3)	43.7	–	40.4	14.5
Capital repaid	–	(10.9)	–	(10.9)	(12.0)
	(8.6)	169.4	426.7	587.5	535.8

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	
	2021 £m	2020 £m	2021 £m	2020 £m
Included in current liabilities	7.1	6.0	7.1	6.0
Included in non-current liabilities	167.6	134.7	162.3	130.6
	174.7	140.7	169.4	136.6

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

26 Related party transactions

The key management personnel comprise 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 these key management personnel for the year ended 30 April 2021 amount to £18.7m (2020: £16.2m).

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 2021, there was a net provision of services to the LLP from other Group undertakings to the value of £39.8m (2020: £32.3m).

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 risk.

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+.

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 that perform 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 2021, there was a net provision of administrative support to the LLP from other Group entities to the value of £5.3m (2020: £6.8m).

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.

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 since 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 2021 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 as the most relevant factors for this assessment.

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 are a reasonable approximation of the loss rates for unbilled revenue and applied the same calculation methodology.

On that basis, the loss allowance as at 30 April 2021 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 2021					
Expected loss rate	0.2%	0.4%	2.9%	39.2%	4.2%
Gross carrying amount – client receivables	276.7	87.6	86.6	70.4	521.3
Gross carrying amount – unbilled revenue	240.3	–	–	–	240.3
Loss allowance	(1.2)	(0.4)	(2.5)	(27.6)	(31.7)
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)

	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 2021					
Expected loss rate	0.2%	0.4%	1.3%	45.3%	3.9%
Gross carrying amount – client receivables	222.7	56.0	56.6	43.3	378.6
Gross carrying amount – unbilled revenue	172.5	–	–	–	172.5
Loss allowance	(0.7)	(0.3)	(0.7)	(19.6)	(21.3)
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)

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 came 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 Group's and the LLP'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 2021 was determined as follows for finance lease receivables:

Consolidated			
	Gross carrying value	Loss allowance	Lease receivable net of expected credit losses
30 April 2021			
Performing	43.9	(0.2)	43.7
Underperforming	22.3	(4.6)	17.7
Non-performing	1.4	(1.1)	0.3
Total lease receivable	67.6	(5.9)	61.7
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

Limited Liability Partnership			
	Gross carrying value	Loss allowance	Lease receivable net of expected credit losses
30 April 2021			
Performing	43.9	(0.2)	43.7
Underperforming	21.2	(4.6)	16.6
Non-performing	1.4	(1.1)	0.3
Total lease receivable	66.5	(5.9)	60.6
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

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 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 2021 reconciles to the opening loss allowance as follows:

Movement in loss allowance:

	Consolidated					
	Client receivables		Contract assets		Finance lease receivables	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
At 1 May	(38.3)	(27.6)	(3.3)	–	(16.7)	–
Currency translation adjustment	–	(0.7)	–	–	–	–
Provision utilised	5.3	4.6	–	–	1.0	–
Increase in loss allowance recognised in profit or loss during the year	(13.7)	(23.8)	–	(3.3)	(0.9)	(16.7)
Provision released	15.5	9.2	2.8	–	10.7	–
At 30 April	(31.2)	(38.3)	(0.5)	(3.3)	(5.9)	(16.7)

	Limited Liability Partnership					
	Client receivables		Contract assets		Finance lease receivables	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
At 1 May	(26.4)	(16.3)	(2.3)	–	(16.7)	–
Currency translation adjustment	–	(0.4)	–	–	–	–
Provision utilised	4.0	3.5	–	–	1.0	–
Increase in loss allowance recognised in profit or loss during the year	(8.5)	(18.3)	–	(2.3)	(0.9)	(16.7)
Provision released	9.8	5.1	2.1	–	10.7	–
At 30 April	(21.1)	(26.4)	(0.2)	(2.3)	(5.9)	(16.7)

(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	2021 £m	2020 £m
Net client receivables	490.1	516.3
Net contract assets – unbilled revenue	239.8	199.7
Net finance lease receivables	61.7	56.8
Other receivables	23.0	33.2
Cash	352.1	197.1
	<u>1,166.7</u>	<u>1,003.1</u>

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

	2021 £m	2020 £m
Euro	315.8	278.4
Sterling	514.7	374.4
U.S. Dollar (or currencies linked to U.S. Dollar)	252.2	269.3
Other currencies	84.0	81.0
	<u>1,166.7</u>	<u>1,003.1</u>

Liabilities	2021 £m	2020 £m
Lease liabilities	467.0	559.3
Trade payables	61.7	65.5
Employment and other charges	37.9	37.4
Other payables	18.3	24.8
Partners' subordinated loans	81.0	55.7
Other amounts due to partners remunerated as employees or consultants	159.5	111.7
Accruals	130.3	119.3
Partners' capital	174.7	140.7
Provision for onerous contracts and dilapidations	45.8	43.4
Provision for early retirement of partners/former partners	34.4	32.2
Provision for annuities	11.3	15.8
	<u>1,221.9</u>	<u>1,205.8</u>

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

	2021 £m	2020 £m
Euro	250.1	255.9
Sterling	767.8	711.0
U.S. Dollar (or currencies linked to U.S. Dollar)	186.7	220.5
Other currencies	17.3	18.4
	<u>1,221.9</u>	<u>1,205.8</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. However, with offices in many different countries, 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. However, it does 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:

	2021		2020	
	Profit £m	Net assets £m	Profit £m	Net assets £m
Euro 5% weaker	1.2	(20.3)	1.0	(6.1)
U.S. Dollar (including linked currencies) 5% weaker	(1.5)	(11.4)	(1.2)	(4.6)

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

- **Chambers and Partners: Alternative Legal Service Provider Guide, 2021**
 - Ranked in Band 1: (Flexible Legal Staffing)
- **Chambers and Partners directories, 2021**
 - A&O ranked 616 times across all directories
 - A&O lawyers ranked 1020 times across all directories
- **Chambers Global, 2021**
 - A&O ranked in 283 practice areas
 - 424 individual lawyers ranked
- **Dealogic – Global Project Finance by number of deals for 2020**
 - Ranked No.1
- **Dealogic – PPP/PFI Global Project Finance by number of deals for 2020**
 - Ranked No.1
- **Global Trade Review Awards 2021**
 - Leaders in Trade for Pandemic Support
- **GlobalCapital Awards 2021**
 - Best Law Firm for Syndicated Loans
- **IJ Global – Global Project Finance league table for 2020**
 - Ranked No.1
- **IJInvestor Awards 2021**
 - 9 award winning deals
- **IJGlobal Awards 2021**
 - 21 award winning deals

Asia Pacific

- **ALB SE Asia Law Awards 2020**
 - Vietnam Law Firm of the Year
- **APLMA 10th Asia Pacific Syndicated Loan Market Awards 2021**
 - Syndicated Leveraged & Acquisition Finance Law Firm of the Year
- **Asia-Pacific – Chambers Asia Pacific 2021**
 - Ranked Band 1 in Projects and Infrastructure
- **Asia-Pacific Region–Chambers Asia Pacific 2021**
 - Ranked Band 1 in Banking & Finance
- **Benchmark Asia Pacific Awards 2020**
 - Arbitration Firm of the Year
- **Chambers Asia Pacific 2020**
 - More Band 1 rankings for Corporate/M&A in ASEAN than any other law firm
- **Chambers Asia Pacific 2021**
 - Ranked Band 1 in Islamic Finance, Asia-Pacific
 - Ranked Band 1 in Capital Markets: Debt, Asia-Pacific
 - Ranked Band 1 in Competition/Antitrust, China
 - Ranked Band 1 in General Business Law: International Firms, Myanmar
- **FT Innovative Lawyers Awards Asia Pacific, 2020**
 - Most Innovative Leader – Vicki Liu – winner
 - Innovative team – standout
 - Innovation in practice of law – commended
- **IFLR Awards Asia 2021**
 - International Law Firm of the Year
 - India Practice of the Year
 - Thailand Firm of the Year
 - Restructuring Team of the Year
 - Structured Finance and Securitisation Team of the Year
 - Debt and Equity-linked Team of the Year – Equity Deal of the Year, AREIT IPO
- **PFI 2021**
 - Indian Green Deal of the Year – SB Energy

Europe

– Airfinance Journal Awards 2021

- Europe Deal of the Year – Virgin Atlantic

– Airline Economics Awards

- European Restructuring Deal of the Year VTB/Aeroflot
Covid-19 restructuring of 67 aircraft Aviation 100

– FT Innovative Lawyers Europe 2020

- Most Innovative Leader – Wim Dejonghe – winner
- Innovation in social responsibility – winner
- Innovation in the practice of law – standout
- Responding to Covid-19 – highly commended

– IFLR Europe Awards 2021

- International Law Firm of the Year
- Restructuring Team of the Year
- Loan Team of the Year
- Structured finance and securitisation deal of the year
- Equity Deal of the Year, JDE Peets' IPO
- Netherlands equity capital markets firm of the year
- Spain banking & finance firm of the year
- Loan deal of the year – Tesco
- Private equity deal of the year – ThyssenKrupp's sale of its lift business
- Restructuring deal of the year – Virgin Atlantic

– IJ Global

- No.1 – Europe Infrastructure Finance
- No.1 – Europe Project Finance

– PFI 2021

- European Transport Deal of the Year – Bakad



Middle East and Africa

– Airfinance Journal Awards 2021

- Etihad Airways USD600m Sukuk – Airline unsecured bond deal of the year

– Chambers Global Middle East Awards

- Banking & Finance Law Firm of the Year (United Arab Emirates) – Chambers Global Middle East Awards 2021

– Dealogic – EMEA Project Finance by number of deals for 2020

- Ranked No.1

– EMEA Proximo Deal of the Year 2020

- Middle East Africa Water deal of the year – Dammam West ISTP
- Middle East Africa Hybrid Oil & Gas deal of the year – Nigeria LNG Train 7

– Global Water Intelligence 2021

- Desalination Plant of the Year 2020 (Shuaibah Expansion Independent Water Plant)

– GlobalCapital Bond Awards 2021

- Best Law Firm for Emerging Market Bonds

– IFLR Middle East Awards 2020

- Restructuring team of the year
- Restructuring deal of the year - (Saudi Arabian Mining Company (Ma'aden & MRC joint venture))

– IJ Global

- No.1 – MENA Infrastructure Finance
- No.1 – MENA Project Finance

– MENA Fund Managers Awards 2020

- Advisory Firm
- Onshore Law Firm

– PROXIMO 2021

- Middle East Africa Water Deal of the year – Dammam West ISTP

– The Asset Triple A Islamic Finance Awards 2020

- Best Law Firm
- Best Green Financing – Healthcare - (International Finance Facility for Immunization Company USD50m sukuk)
- Best Sovereign Sukuk – (Kingdom of Bahrain USD1bn sukuk)
- Best Corporate Sukuk – (Bahrain Mumtalakat Holding Company USD600m wakala and commodity murabaha sukuk)
- Best Bank Sukuk – (First Abu Dhabi Bank USD850m sukuk)

– IFN Awards 2020

- Arbitration, Insolvency & Restructuring Team of the Year
- Restructuring Deal of the Year – Gulf Marine Services' USD391m restructuring
- Bahrain Deal of the Year – GFH Financial Group's USD300m sukuk
- Indonesia Deal of the Year – Garuda Indonesia's USD500m sukuk restructuring

North, Central and South America

– IJ Global

- LATAM Renewables (Solar) Deal of the Year 2021 (Javiera and Sol del Desierto)
- LATAM Oil & Gas Deal of the Year 2021 (Cakua Offshore Compression Station)
- LATAM Social Infrastructure Deal of the Year 2021 (Infraestructura Educativa II)
- LATAM Transport Deal of the Year 2021 (Project Condor)
- North America Social Infrastructure Deal of the Year 2021 (University of Iowa Utility System P3)
- North America Export Finance Deal of the Year 2021 (Verizon Communications)
- LD Celulose – Latin America Industrial Deal of the Year

– IJ Investor

- Port Acquisition of the Year – DP World

– Infrastructure Investor Awards 2021

- North America Energy Deal of the Year – University of Iowa PPP

– Latin Lawyer

- Deal of the Year Winner – Salaverry Port

– LatinFinance 2021

- Servicios Compresion de Gas Ca-Ku-A1 – Infrastructure Financing of the Year: Mexico
- LD Celulose – Infrastructure Financing of the Year: Brazil and Loan of the Year (LatAm)
- Infrasture Financing of the Year – Services Compresion de Gas Da-Ku-A1

– Proximo

- Latin America Social Infrastructure Deal of the Year – PPP Educativa 2
- Latin America Mining Deal of the Year – Mantoverde
- Condor/Enel X – Latin America Emerging Energy Deal of the Year

– The Bankers

- The Bankers Deal of the Year (Americas Loans Category)
- LD Celulose

Diversity and Inclusion

- A&O achieved Mansfield's Certification Plus in August 2020
- Bronze award for the Australian Workplace Equity Index for LGBT+ inclusion
- Ethnicity Awards: Top 10 Outstanding Employer
- Global Ally Programme Award 2020 for A&O
- Gold Standard in Community Business Index for LGBT+ inclusion
- IFLR1000 Women Leaders 2021 - 24 women recognised
- Stonewall Top Globaly Employer 2020
- The Times Top 50 Employers for Women 2021
- Women in Law Empowerment forum: UK gold standard certification



For more information, please contact:

London

Allen & Overy LLP
One Bishops Square
London
E1 6AD
United Kingdom

Tel +44 20 3088 0000

Fax +44 20 3088 0088

Global presence

Allen & Overy is an international legal practice with approximately 5,600 people, including some 580 partners, working in more than 40 offices worldwide. A current list of Allen & Overy offices is available at www.allenoverly.com/global_coverage.

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