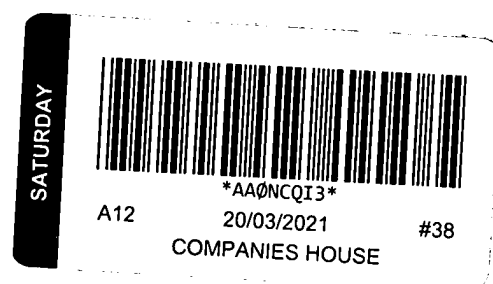


DLA Piper International LLP  
Members' report and financial statements  
for the year ended 30 April 2020

Registered number: OC305357



DLA Piper International LLP  
Members' report and financial statements  
for the year ended 30 April 2020

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# DLA Piper International LLP

## Members' report for the year ended 30 April 2020

The Board presents its report on behalf of the DLA Piper International LLP's ("the LLP's") members together with the audited consolidated financial statements of the LLP and its subsidiary undertakings ("the Group") for the year ended 30 April 2020.

### Principal activities

The Group's principal activity is the provision of legal services.

### Group structure

The consolidated financial statements comprise the financial statements of the LLP and the Group. The subsidiary undertakings of the LLP as at 30 April 2020 are set out in note 26 to the financial statements.

### Business review and future developments

The Group has continued to perform well this year, despite the challenging operating conditions created by the COVID-19 pandemic. Revenue for the year ended 30 April 2020 increased by £87.6 million (8.0%) to £1,176.5 million. Excluding the impact of foreign exchange, revenue increased by £89.6 million of which £51.6 million related to our European practices.

Operating costs increased by £59.2 million (8.0%) to £801.8 million. £41.1 million of this increase was attributable to wages and salaries.

The result is an increase to the profit for the financial year available for discretionary division among members of £17.7 million (5.2%) to £358.5 million. Included in this result is a reduction of £4.4 million relating to the implementation of IFRS 16 in the year. This represents the surplus of lease interest and depreciation of right-of-use assets over the rental charge under the previous lease accounting standard.

The Group balance sheet remains strong, with an increase in net assets of £32.3 million (7.5%) to £463.8 million.

The COVID-19 pandemic has not had a significant impact on the results for the year or the net assets at the balance sheet date. The business remains robust and active and we continue to prioritise the health and wellbeing of our people while continuing to meet clients' needs. The Group has continued to serve clients with minimal disruption, adapting to remote working where necessary. The Group has extensive credit facilities. Significant headroom existed on these facilities at the date of signing the financial statements.

Management will continue for the foreseeable future to monitor the progress and outcome of Brexit discussions and their potential impact on our business.

### Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and expect to continue as auditor, subject to approval from the Board.

# DLA Piper International LLP

## Members' report (continued)

### Designated members and the Board

The designated members (as defined in the Limited Liability Partnerships Act 2000) of the LLP, during the year and up to the date of signing the financial statements were:

- Bertold Bär-Bouyssiere
- Kevin Chan (appointed 1 January 2021)
- Philippe Danesi (appointed 1 January 2021)
- Andrew Darwin
- Jonathan Hayes (resigned 31 December 2020)
- Bruno Giuffrè (appointed 1 January 2021)
- Simon Levine
- Suzannah Newbould (appointed 1 January 2021)
- Samantha O'Brien
- Claudine Vartian (resigned 31 December 2020)
- Jonathan Watkins
- Joris Willems (resigned 31 December 2020)
- Colin Wilson

The Board consists of the designated members listed above, Carolyn Dong (Equity equivalent member – resigned 31 December 2020), Paul Edwards (Chief Financial Officer), Ana Garcia Fau (Non-executive Board member and Audit Committee Chair) and Guillaume Penot (Non-executive Board member – resigned 2 July 2020).

### Financing and the subscription and repayment of members' capital

The Group is financed through a combination of members' capital, undistributed profits and borrowing facilities provided by a number of banks.

The total amount of members' capital contributions is proposed to members by the Board, having regard to the requirements of the Group. Individual members' capital contributions are set by reference to equity profit share proportion, or in the case of non-equity members, comprise either a fixed amount or a percentage of profit share, and are repayable, at par, following the member's retirement. Members' capital is classified as a liability as it is repayable to members upon departure.

The Board is satisfied that current bank facilities are at levels sufficient to provide prudent headroom above the expected peak cash requirements of the Group for at least the next twelve months from the date of signing these financial statements. The accounts are prepared on a going concern basis, full details of this are disclosed in the accounting policy on page 22.

### Members' profit shares

Members are remunerated solely out of the profits of the Group and are personally responsible for funding pensions and other benefits. Profit sharing ratios are agreed by equity members based on proposals from the Board.

### Profit allocation and members' drawings

Under the members agreement, the final division and allocation of profits to those who are members during the financial year occurs following the finalisation of the annual financial statements and accordingly, is presented as profit available for discretionary division. During the year, members receive monthly drawings which represent payments on account of current year profits and are reclaimable from members until profits have been allocated. In addition, members receive distributions, relating to profits divided in prior years. The timing and amount of the profit distributions is decided by the Board, taking into account, inter-alia, the Group's cash requirements for operating and investing activities. Unallocated amounts are shown in "Members' other interests".

# DLA Piper International LLP

## Members' report (continued)

### Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Disclosure of information for auditor

So far as each member of the Board is aware, there is no relevant audit information of which the LLP's auditor is unaware. Relevant information is defined as information needed by the LLP's auditor in connection with preparing its report. Each member of the Board has taken all the steps (such as making enquiries of other members of the Board and the auditor and any other steps required by their duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a member in order to make himself/herself aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.



**Andrew Darwin**  
Senior Partner  
28 January 2021

# DLA Piper International LLP

## Energy and carbon report

### Energy and carbon reporting

As a leading international law firm, DLA Piper is fully committed to reducing both energy use and carbon emissions. Energy use and business travel are the most significant contributors to our environmental footprint and these are addressed in our ambitious sustainability targets and commitments. To implement the energy and climate change strategy, an International Energy and Climate Change Committee works closely with the key internal stakeholders across the international offices and reports directly to the Executive.

### SCOPE 1 Fuel Consumption

|                                 | Year to 31 December 2019 | Year to 31 December 2018 |
|---------------------------------|--------------------------|--------------------------|
| Metric tonnes CO <sub>2</sub> e | 562.9                    | 1,208.6                  |

### SCOPE 2 Electricity

|                                    | Year to 31 December 2019 | Year to 31 December 2018 |
|------------------------------------|--------------------------|--------------------------|
| Mega kilowatt hours of Electricity | 14,279.6                 | 19,486.4                 |
| metric tonnes CO <sub>2</sub> e    | 5,199.6                  | 7,077.3                  |

Electricity consumption is based on a location based approach. All the energy procured by the UK offices is backed by REGO certificates.

### SCOPE 1 and 2 Intensity Ratio

|   | Year to 31 December 2019 | Year to 31 December 2018 |
|---|--------------------------|--------------------------|
| Metric tonnes CO <sub>2</sub> e per FTE | 0.95                     | 1.37                     |

### SCOPE 3 Emissions

|                                 | Year to 31 December 2019 | Year to 31 December 2018 |
|---------------------------------|--------------------------|--------------------------|
| metric tonnes CO <sub>2</sub> e | 16,451.9                 | 14,017.2                 |

### Global greenhouse gas reporting

The calculation of Scope 1, 2 and 3 emissions are compliant with the requirements of ISO 14064.

DLA Piper is conscious of its energy consumption and carbon footprint. To achieve its strategic environmental targets, the International Energy and Climate Change Committee commissioned smart building audits in 2019 in five DLA Piper offices (four of which were in the UK) and the key audit findings were used as a foundation for the energy efficiency element of the strategy. The recommendations implemented across the UK in 2019 included:

- Updates to building management systems to ensure maximum efficiency such as holiday schedules and timing reviews (all UK sites);
- The refurbishment of the Edinburgh office, including installing LED lighting, upgrading plant and equipment, compartmentalising the office space for heating efficiencies and installing a new façade on the exterior of the building;

# DLA Piper International LLP

## Energy and carbon report (continued)

### Global greenhouse gas reporting (continued)

- The upgrade of lighting in the Sheffield office, including LEDs in client suite corridors, the reception office and lobby, store room, meeting rooms, general lift lobbies, fire fighter lift lobby, toilets and café;
- The data centre upgrade in the Leeds office, including moving data to the Cloud, which has reduced storage from 6 racks to 0.5; virtualised over 90% of the servers; increased aircon temp by 2 °C and switched off 2 aircon units thus achieving significant reduction in energy use (approx. 40%) against previous years.

In 2019, DLA Piper initiated a Scope 3 gap assessment. This initiative will continue in 2020 and will include science-based targets modelling for Scopes 1, 2 and 3 emissions.

A list of members' names is available from Companies House.



**Andrew Darwin**  
Senior Partner  
28 January 2021

# DLA Piper International LLP

## Independent auditor's report to the members of DLA Piper International LLP

### Report on the audit of the financial statements

#### Opinion

In our opinion:

- the financial statements of DLA Piper International LLP (the 'parent limited liability partnership') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent limited liability partnership's affairs as at 30 April 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent limited liability partnership financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and LLP balance sheets;
- the consolidated statements of changes in equity and total members' interests;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# DLA Piper International LLP

## Independent auditor's report to the members of DLA Piper International LLP (continued)

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

### Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

### Responsibilities of members

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

# DLA Piper International LLP

## Independent auditor's report to the members of DLA Piper International LLP (continued)

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

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

### Report on other legal and regulatory requirements

#### Matters on which we are required to report by exception:

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Peter Saunders (Senior statutory auditor)**

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

3 February 2021

## DLA Piper International LLP

### Consolidated income statement for the year ended 30 April 2020

|   | Note | 2020<br>£'m    | 2019<br>£'m |
|---|------|----------------|-------------|
| <b>Revenue</b>  | 2    | <b>1,176.5</b> | 1,088.9     |
| <b>Operating expenses</b>   |      |                |             |
| Staff costs   | 4    | (388.2)        | (347.1)     |
| Other external charges  |      | (338.4)        | (315.8)     |
| Depreciation and amortisation   | 6    | (69.7)         | (23.0)      |
| Other operating charges   |      | (5.5)          | (56.7)      |
| <b>Operating profit</b>   | 6    | <b>374.7</b>   | 346.3       |
| Share of operating profit from joint venture  |      | 1.0            | -           |
| Finance costs   | 5    | (15.2)         | (2.5)       |
| Finance income  | 5    | 0.8            | 0.8         |
| <b>Profit on ordinary activities before taxation</b>  |      | <b>361.3</b>   | 344.6       |
| Tax expense in corporate entities   | 7    | (2.8)          | (3.8)       |
| <b>Profit for the financial year available for discretionary<br/>division among members</b> | 23   | <b>358.5</b>   | 340.8       |

All figures above relate to the principal activities of the Group.

All items included in operating profit above relate to continuing operations.

## DLA Piper International LLP

### Consolidated statement of comprehensive income for the year ended 30 April 2020

|   | Note | 2020<br>£'m  | 2019<br>£'m |
|---|------|--------------|-------------|
| <b>Profit for the financial year available for discretionary division among members</b> |      | <b>358.5</b> | 340.8       |
| <b>Other comprehensive income:</b>  |      |              |             |
| Items that will not be reclassified to the income statement:                            |      |              |             |
| Exchange differences on translation of foreign operations                               | 23   | 2.9          | (3.8)       |
| <b>Total comprehensive income for the year</b>  |      | <b>361.4</b> | 337.0       |

# DLA Piper International LLP

## Consolidated balance sheet as at 30 April 2020

|   | Note | 2020<br>£'m    | 2019<br>£'m  |
|---|------|----------------|--------------|
| <b>Non-current assets</b>                 |      |                |              |
| Intangible assets                         | 9    | 23.4           | 15.8         |
| Property, plant and equipment             | 10   | 95.5           | 98.5         |
| Right-of-use assets                       | 11   | 365.6          | -            |
| Investments                               | 12   | 0.1            | 0.1          |
| Trade and other receivables               | 13   | 1.1            | 1.7          |
| Deferred tax asset                        | 20   | 0.1            | 0.5          |
| <b>Total non-current assets</b>           |      | <b>485.8</b>   | <b>116.6</b> |
| <b>Current assets</b>                     |      |                |              |
| Trade and other receivables               | 13   | 525.2          | 482.6        |
| Contract assets                           | 14   | 129.6          | 119.3        |
| Derivative financial instruments          | 15   | 0.9            | 0.3          |
| Current tax assets                        |      | 1.2            | 0.7          |
| Cash and cash equivalents                 |      | 59.6           | 38.3         |
| <b>Total current assets</b>               |      | <b>716.5</b>   | <b>641.2</b> |
| <b>Total assets</b>                       |      | <b>1,202.3</b> | <b>757.8</b> |
| <b>Current liabilities</b>                |      |                |              |
| Trade and other payables                  | 16   | 214.9          | 200.7        |
| Contract liabilities                      | 17   | 12.3           | 10.9         |
| Borrowings                                | 18   | 69.7           | 64.3         |
| Lease liabilities                         | 19   | 38.4           | -            |
| Current tax liabilities                   |      | 1.4            | 1.1          |
| Provisions                                | 22   | 7.9            | 5.8          |
| <b>Total current liabilities</b>          |      | <b>344.6</b>   | <b>282.8</b> |
| <b>Non-current liabilities</b>            |      |                |              |
| Trade and other payables                  | 16   | 15.8           | 26.0         |
| Borrowings                                | 18   | 1.3            | 2.9          |
| Lease liabilities                         | 19   | 367.2          | -            |
| Provisions                                | 22   | 9.6            | 14.6         |
| <b>Total non-current liabilities</b>      |      | <b>393.9</b>   | <b>43.5</b>  |
| <b>Total liabilities</b>                  |      | <b>738.5</b>   | <b>326.3</b> |
| <b>Net assets attributable to members</b> |      | <b>463.8</b>   | <b>431.5</b> |

## DLA Piper International LLP

### Consolidated balance sheet as at 30 April 2020 (continued)

|   | Note | 2020<br>£'m  | 2019<br>£'m |
|---|------|--------------|-------------|
| <b>Represented by:</b>  |      |              |             |
| <b>Loans and other debts due to members</b>                   |      |              |             |
| Members' capital classified as a liability                    | 23   | 171.2        | 161.2       |
| Other amounts   | 23   | 51.1         | 53.1        |
|   |      | <b>222.3</b> | 214.3       |
| <b>Equity</b>   |      |              |             |
| Members' other interests: other reserves classified as equity |      | 235.0        | 213.6       |
| Translation reserves  |      | 6.5          | 3.6         |
|   | 23   | <b>241.5</b> | 217.2       |
|   | 23   | <b>463.8</b> | 431.5       |

The financial statements on pages 9 to 63 were approved by the members of DLA Piper International LLP on 28 January 2021 and were signed on their behalf by:



**Andrew Darwin**  
Senior Partner



**Simon Levine**  
Managing Partner

# DLA Piper International LLP

## LLP balance sheet as at 30 April 2020

|   | Note | 2020<br>£'000 | 2019<br>£'000 |
|---|------|---------------|---------------|
| <b>Non-current assets</b>                 |      |               |               |
| Investments                               | 12   | 9             | 9             |
| <b>Total non-current assets</b>           |      | <b>9</b>      | <b>9</b>      |
| <b>Current assets</b>                     |      |               |               |
| Trade and other receivables               | 13   | 1             | 1             |
| <b>Total current assets</b>               |      | <b>1</b>      | <b>1</b>      |
| <b>Total assets</b>                       |      | <b>10</b>     | <b>10</b>     |
| <b>Current liabilities</b>                |      |               |               |
| Trade and other payables                  | 16   | 9             | 9             |
| <b>Total current liabilities</b>          |      | <b>9</b>      | <b>9</b>      |
| <b>Total liabilities</b>                  |      | <b>9</b>      | <b>9</b>      |
| <b>Net assets attributable to members</b> |      | <b>1</b>      | <b>1</b>      |

Represented by:

### Loans and other debts due to members

|  |    |          |          |
|--|----|----------|----------|
| Members' capital classified as a liability | 23 | 1        | 1        |
|  |    | <b>1</b> | <b>1</b> |

As permitted by section 408 of the Companies Act 2006 no separate income statement is presented for the LLP. The LLP's result for the year was £nil (2019: £nil).

The financial statements on pages 9 to 63 were approved by the members of DLA Piper International LLP on 28 January 2021 and were signed on their behalf by:



**Andrew Darwin**  
Senior Partner



**Simon Levine**  
Managing Partner

## DLA Piper International LLP

### Consolidated statements of changes in equity for the year ended 30 April 2020

| Group                                       | Note | Other reserves<br>£'m | Translation reserve<br>£'m | Total<br>£'m |
|---|------|-----------------------|----------------------------|--------------|
| <b>At 1 May 2018</b>                        |      | <b>243.7</b>          | <b>7.4</b>                 | <b>251.1</b> |
| Profit for the year attributable to members |      | 340.8                 | -                          | 340.8        |
| Other comprehensive expense                 |      | -                     | (3.8)                      | (3.8)        |
| Total comprehensive income for the year     |      | 340.8                 | (3.8)                      | 337.0        |
| Division of profit to members               | 23   | (370.9)               | -                          | (370.9)      |
| <b>At 30 April 2019 and 1 May 2019</b>      |      | <b>213.6</b>          | <b>3.6</b>                 | <b>217.2</b> |
| Profit for the year attributable to members |      | 358.5                 | -                          | 358.5        |
| Other comprehensive income                  |      | -                     | 2.9                        | 2.9          |
| Total comprehensive income for the year     |      | 358.5                 | 2.9                        | 361.4        |
| Division of profit to members               | 23   | (337.1)               | -                          | (337.1)      |
| <b>At 30 April 2020</b>                     |      | <b>235.0</b>          | <b>6.5</b>                 | <b>241.5</b> |

No statement of changes in members' total interest has been presented for the LLP as there is no balance at the start or end of the year and no movement in the balance during the year.

## DLA Piper International LLP

### Total members' interests as at 30 April 2020

|   | Note | Group          |        | LLP      |       |
|---|------|----------------|--------|----------|-------|
|   |      | 2020           | 2019   | 2020     | 2019  |
|   |      | £'m            | £'m    | £'000    | £'000 |
| Loans and other debts due to members                                | 23   | <b>222.3</b>   | 214.3  | <b>1</b> | 1     |
| Loans and other debts due from members<br>(included in receivables) | 13   | <b>(116.0)</b> | (93.5) | -        | -     |
| Members' other interests: other reserves<br>classified as equity    | 23   | <b>241.5</b>   | 217.2  | -        | -     |
| <b>Total members' interests</b>                                     | 23   | <b>347.8</b>   | 338.0  | <b>1</b> | 1     |

# DLA Piper International LLP

## Consolidated cash flow statement for the year ended 30 April 2020

|  | Note | 2020<br>£'m    | 2019<br>£'m    |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                            |      |                |                |
| Profit before tax  |      | 361.3          | 344.6          |
| Non-cash adjustments   | 24   | 68.0           | 22.5           |
| Net changes in working capital   | 24   | 9.9            | (44.7)         |
| Interest paid  |      | 14.4           | 1.7            |
| Tax paid   |      | (2.6)          | (4.1)          |
| <b>Net cash inflow from operating activities</b>                       |      | <b>451.0</b>   | <b>320.0</b>   |
| <b>Cash flows from investing activities</b>                            |      |                |                |
| Purchase of property, plant and equipment                              |      | (26.0)         | (43.6)         |
| Purchase of intangible assets  |      | (14.8)         | (11.2)         |
| Proceeds from sale of property, plant and equipment<br>and investments |      | 2.1            | 1.0            |
| Interest received  |      | 0.8            | 0.8            |
| <b>Net cash outflow from investing activities</b>                      |      | <b>(37.9)</b>  | <b>(53.0)</b>  |
| <b>Cash flows from financing activities</b>                            |      |                |                |
| Drawings and distributions to members                                  | 23   | (347.1)        | (298.0)        |
| Distributions to former members  |      | (18.3)         | (11.3)         |
| Retirement benefits to former members                                  | 22   | (0.1)          | (0.1)          |
| Capital contributions by members                                       | 23   | 24.3           | 19.8           |
| Capital repayments to members  | 23   | (13.9)         | (12.1)         |
| Proceeds from borrowings   |      | 48.8           | 36.8           |
| Repayment of borrowings  |      | (33.8)         | (9.6)          |
| Repayment of capital element of lease liabilities                      |      | (29.4)         | (0.1)          |
| Interest paid in respect of lease liabilities                          |      | (12.4)         | 0.0            |
| Receipts of lease incentives   |      | 4.0            | -              |
| Other interest paid  |      | (3.0)          | (2.2)          |
| <b>Net cash outflow from financing activities</b>                      |      | <b>(380.9)</b> | <b>(276.8)</b> |

## DLA Piper International LLP

### Consolidated cash flow statement for the year ended 30 April 2020 (continued)

|  | Note | 2020<br>£'m | 2019<br>£'m  |
|--|------|-------------|--------------|
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |      | <b>32.2</b> | <b>(9.8)</b> |
| Cash and cash equivalents at the beginning of the year       |      | 7.9         | 17.5         |
| Effect of exchange rate changes on cash and cash equivalents |      | 0.3         | 0.2          |
| <b>Cash and cash equivalents at the end of the year</b>      |      | <b>40.4</b> | <b>7.9</b>   |
| <b>Cash and cash equivalents comprise</b>                    |      |             |              |
| Cash at bank and in hand                                     |      | 59.6        | 38.3         |
| Bank overdraft   | 18   | (19.2)      | (30.4)       |
| <b>Cash and cash equivalents at the end of the year</b>      |      | <b>40.4</b> | <b>7.9</b>   |

There were no cash flows during 2019 or 2020 in the LLP and there are no cash and cash equivalents as at 30 April 2020 (2019: £nil).

# DLA Piper International LLP

## Statement of accounting policies

The principal accounting policies adopted in the presentation of these financial statements are summarised below. These policies have all been applied consistently throughout the current and preceding financial year, with the exception of the standard adopted in the current year.

### **New or amended Accounting Standards and Interpretations adopted and impact on financial statements**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

### **Impact of initial application of IFRS 16 Leases**

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) which is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new requirements with respect to lease accounting by removing the distinction between operating and finance leases. It requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 May 2019. Please see note 3 for the effect of transition.

The Group has applied IFRS 16 using the modified retrospective approach which requires the Group to recognise the cumulative effect of initially applying IFRS 16 in the period of application and does not require the restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

### **Impact of the new definition of a lease**

The Group has made use of the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered into or modified before 1 May 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 May 2019. In preparation for the first-time application of IFRS 16, the Group has determined that the new definition under IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### New or amended Accounting Standards and Interpretations adopted and impact on financial statements (continued)

#### Impact on Lessee Accounting

##### *Former operating leases*

IFRS 16 changes how the Group accounts for leases which were previously classified as operating leases under IAS 17.

Applying IFRS 16 for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement; and
- Separates the total amount of cash paid into principal and interest elements (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives, such as free rent periods, are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas, under IAS 17, they resulted in the recognition of a lease incentive liability and were amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For leases with a lease term of 12 months or less and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other operating charges in the consolidated income statement.

The Group has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases under IAS 17:

- The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

#### Impact on Lessor Accounting

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). The Group has determined that the subleases held are operating leases and so continues to recognise the income on a straight line basis in the consolidated income statement.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

#### *Policies applicable from 1 May 2019*

##### *The Group as lessee*

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate. An incremental borrowing rate is estimated for each property by adding a risk premium to a risk free rate. The risk premium is calculated using the average office rental yield in the region less a long term risk free rate, based on the 15 year government bond data for the region. The risk free rate is determined from government bond rates, with the duration of the bonds being the weighted average remaining lease term as at 1 May 2019. Credit and country risks are also considered.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation.

# DLA Piper International LLP

## Statement of accounting policies (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The depreciation starts from the date a new property is occupied.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Group has elected to use the practical expedient which permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

### ***The Group as lessor***

The Group enters into lease agreements as a lessor with respect to some of its leased properties. As an intermediate lessor, the Group accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### ***Policies applicable prior to 1 May 2019***

#### ***Operating leases***

Costs in respect of operating leases were charged to the income statement on a straight-line basis over the lease term.

#### ***Finance leases***

Where assets were financed by leasing arrangements that give rights approximating to ownership, the assets were treated as if they had been purchased outright. The assets were capitalised in property, plant and equipment and depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets. The capital element of the leasing commitment was shown as a liability under finance leases. The lease rentals were treated as consisting of capital and interest elements. The capital element was applied to reduce the outstanding obligation and the interest element was charged to the income statement in proportion to the reducing capital element outstanding.

#### ***Lease incentives***

Benefits received as an incentive to sign a lease were spread on a straight-line basis from lease commencement date over the remaining lease term.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### Going concern

The Group is carefully monitoring the impact of COVID-19 and has continued to serve clients with minimal disruption, adapting to remote working where necessary. Throughout this unprecedented crisis, the Board of DLA Piper International LLP have reviewed Group cash flow forecasts and sensitivity analyses as part of the on-going management of the business. The Group also exercised, as a precautionary measure, an extension to its existing facilities and at all times and for the foreseeable future have been satisfied that the bank facilities available have and will provide significant and prudent headroom. In common with most businesses, the Group took advantage of the UK VAT deferral scheme, which was repaid post year end.

Consequently, the members have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### Consolidation

The financial statements consolidate the results and financial position of the Group. Businesses acquired or disposed of during the year are accounted for using acquisition accounting principles from or up to the date control passed. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Intra Group balances and transactions are eliminated in the consolidated financial statements.

### Revenue from contracts with clients

Revenue represents amounts chargeable to clients for professional services provided during the year, excluding third party invoiced disbursements where the Group is acting as an agent.

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for providing legal services to clients. For each contract with a client, the Group: identifies the contract with a client; identifies the performance obligation in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the performance obligation; and recognises revenue as the performance obligation is satisfied in a manner that depicts the transfer of the benefits of the services promised to the client.

The Group continues to recognise revenue over time as its performance does not create an asset with an alternative use, the Group has a right to payment for work completed to date and the agreed transaction price is typically based on hourly rates.

Revenue in respect of partially completed contracts with variable consideration is only recognised to the extent it is highly probable that a significant reversal will not occur. This measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

### Intangible fixed assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the difference between the fair value of the consideration given (either by way of cash or recognition of members' capital and current accounts) and associated costs and the fair value of the identifiable assets and liabilities acquired, is capitalised.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### Intangible fixed assets (continued)

Computer software comprises purchased software licences and costs directly associated with the development of software for internal use, which will generate future economic benefit. Computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use, on a straight-line basis over the following estimated economic lives:

|                   |              |
|-------------------|--------------|
| Computer software | 3 to 5 years |
|-------------------|--------------|

### Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost, including incidental costs of acquisition, less accumulated depreciation. Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight-line basis over the following estimated economic lives:

|                                    |                |
|------------------------------------|----------------|
| Leasehold property improvements    | leasehold term |
| Fittings, furnishings & equipment: |                |
| Office fittings and furnishings    | 6 to 7 years   |
| Office equipment                   | 3 to 5 years   |
| Computer equipment                 | 3 to 5 years   |
| Motor vehicles                     | 3 years        |

Assets not yet available for use are not depreciated. Repairs and maintenance costs are charged to the income statement as incurred.

### Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### Investments

Investments are included at cost less any provision for impairment and are considered to be impaired when their carrying value is greater than their estimated recoverable amount.

Interests in joint ventures are accounted for using the equity method under IAS 28.

### Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

The Group monitors its exposure and uses forward foreign exchange contracts when it deems it appropriate and where it is commercially viable to hedge its exposure to currency risk.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### **Financial instruments (continued)**

Financial instruments are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument, with movements reflected in the income statement. The Group does not use hedge accounting for its forward foreign currency contracts and does not use forward foreign currency contracts for speculative purposes.

### **Trade and other receivables**

Trade receivables are recognised at fair value less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on ageing of the outstanding debts. The expected loss rates are based on the Group's historical credit losses experience over the two year period prior to the year end. The loss allowance also reflects current and forward looking economic factors affecting clients.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Contract assets**

Contract assets are recognised when the Group has satisfied the performance obligations in the contract and either has not recognised a receivable to reflect its unconditional right to consideration or the consideration is not due. Contract assets are treated as financial assets for impairment purposes.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and bank overdrafts. These balances are assessed to have low credit risk at the reporting date as they are held with reputable international banking institutions, therefore no impairment has been applied.

### **Trade and other payables**

Trade and other payables are initially recognised at fair value and held at amortised cost.

### **New standards, interpretations and amendments not yet effective**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

|                                 |   |
|---------------------------------|---|
| IFRS 17                         | Insurance Contracts   |
| IFRS 10 and IAS 28 (amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to IFRS 3            | Definition of a business  |
| Amendments to IAS 1 and IAS 8   | Definition of material  |
| Conceptual Framework            | Amendments to References to the Conceptual Framework in IFRS Standards                |

The members do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future period. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### ***Contract liabilities***

Contract liabilities are recognised when a client pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Group has provided the legal services to the client. The liability is the Group's obligation to provide legal services to a client from which it has received consideration.

### ***Borrowings***

Interest-bearing bank loans and overdrafts are recorded at the value of proceeds on initial recognition. Interest is included in finance costs and is determined using the effective interest rate method.

### ***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. 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 an expense.

### ***Professional indemnity claims***

The Group may be involved in disputes in the ordinary course of business, which may give rise to claims. The Group maintains a captive insurance cell which is consolidated within the Group financial statements. A liability is provided in the financial statements on a prudent basis for all known claims where costs are likely to be incurred, and represents an assessment of the cost of defending and concluding claims. To the extent that claims are covered by professional indemnity insurance, an equivalent insurance recoverable is recognised within receivables.

No separate disclosure is made of the cost and nature of claims covered by insurance, as to do so could seriously prejudice the position of the Group. No amounts are included in liabilities (note 16) in respect of claims where the liability is possible but not considered likely, or in respect of claims incurred but not reported.

### ***Pension costs and other post-retirement benefits***

The Group accounts for pension costs in accordance with IAS 19 "Employee Benefits". Staff pension costs relating to the Group's defined contribution schemes are charged to the income statement when they become payable.

Provision is made for commitments in respect of annuities payable to retired members. The provision is calculated as the present value of commitments in respect of the annuities based on an actuarial valuation and is valued under the principles of IAS 19.

### ***Foreign currencies***

#### ***Transactional exchange***

Transactions in foreign currencies are recorded in local reporting currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency using the rates of exchange at the balance sheet date. All exchange gains and losses on translation are included in the income statement. Non-monetary items are recorded at the historic rate and are not subsequently retranslated.

# DLA Piper International LLP

## Statement of accounting policies (continued)

### ***Consolidation of subsidiaries***

Profits and losses of subsidiaries which have currencies of operation other than Sterling are translated into Sterling at average rates of exchange. The balance sheet of subsidiaries which have currencies of operation other than Sterling are translated using the rates of exchange ruling at the balance sheet date.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries which have currencies of operation other than Sterling are taken to the translation reserve together with the differences arising when the income statements are retranslated to Sterling from average rates to rates ruling at the balance sheet date.

### ***Drawings and capital***

Drawings and movements in capital denominated in foreign currency are initially recorded in Sterling within Members' interests at average rates of exchange. The exchange difference arising when these are retranslated to Sterling at rates ruling at the balance sheet date are included in Members' interests within net exchange adjustments.

### **Allocation of profits, drawings and distributions**

During the year the Board sets the level of interim profit allocations and members' monthly drawings after considering the Group's working capital needs. Individual member profit allocations are calculated using a currency points based system. To the extent that divided profits exceed drawings and distributions, then the excess profit is included in the balance sheet under "Loans and other debts due to members". Where drawings and distributions exceed the divided profits then the excess is included in "Trade and other receivables". Undivided profits, together with any other differences between allocated and accounting profits, are included in other reserves within "Members' other interests".

### **Translation reserve**

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

### **Other reserves**

Other reserves comprise principally unallocated profits arising in the current and previous periods available for distribution in the future. This is treated as equity within the Group.

### **Taxation**

Income tax and capital gains tax (and their non-UK equivalents) payable on the profits of the Group are solely the personal liability of the individual members and consequently are not included within these financial statements.

The corporate subsidiary companies included in these consolidated financial statements are subject to tax based on their profit or loss for the financial year and the tax regulations existing in the UK or the respective country that each corporate subsidiary company resides.

# DLA Piper International LLP

## Notes to the financial statements for the year ended 30 April 2020

### 1 Critical accounting judgements and estimates

In the application of the Group's accounting policies, management are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical accounting judgements**

Critical judgement is required in the application of IFRS 16 to determine whether it is reasonably certain that an extension or termination option will be exercised.

#### **Key sources of estimation uncertainty**

##### ***Contract assets***

There is uncertainty regarding the amount which will ultimately be recovered from clients in respect of work that has been performed but not billed at the year end. The fair value of contract assets is estimated on the basis of recorded time at the year end and expected recovery rates. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the affected balances. A 10% variance in the recovery rate applied to work in progress at year end would result in a change in the fair value of contract assets at year end of £13.0 million.

##### ***Calculation of expected credit loss allowance***

The calculation of the expected credit loss incorporates estimates of the likelihood of default over a given time horizon based on the analysis of historical data trends, the application of assumptions and consideration of current and expected future economic conditions. Sensitivity analysis of the loss rates applied is disclosed in note 29.

# DLA Piper International LLP

## Notes to the financial statements

### 1 Critical accounting judgements and estimates (continued)

#### *Key sources of estimation uncertainty (continued)*

##### ***Dilapidation provisions***

There is judgement involved in assessing the likely physical state of each property at the point of exiting the lease, the outcome of any commercial negotiations and the actual costs of restoration work required. For the purposes of determining the dilapidation provision, estimates are made on the basis of advice from Chartered Surveyors and previous experience of similar dilapidation obligations.

##### ***Leases***

For the purpose of discounting the value of future lease payments for the calculation of the right-of-use asset and lease liability, estimates are made of the appropriate rate to discount the lease payments. These estimates are based on the incremental borrowing rate for the Group at each location

### 2 Revenue

Revenue has been disaggregated into geographical regions as this information is regularly reviewed by management in order to evaluate financial performance:

| <b>Geographical regions</b>    | <b>2020</b>    | <b>2019</b> |
|--------------------------------|----------------|-------------|
|                                | <b>£'m</b>     | <b>£'m</b>  |
| United Kingdom                 | <b>388.9</b>   | 364.5       |
| Middle East, Africa and Europe | <b>546.8</b>   | 494.1       |
| Asia                           | <b>128.6</b>   | 118.3       |
| Australia                      | <b>112.2</b>   | 112.0       |
| <b>Total revenue</b>           | <b>1,176.5</b> | 1,088.9     |

As revenue is billed primarily on the basis of agreed hourly rates, the Group has the right to invoice the client the amount that corresponds directly with the value of work performed to date. Consequently, the Group elects to apply the practical expedient to not disclose information about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the year end.

# DLA Piper International LLP

## Notes to the financial statements

### 3 Effects of changes in accounting policies

#### Financial impact of initial application of IFRS 16

The tables below show the adjustment for each financial statement line item affected by the implementation of IFRS 16.

#### Impact on Consolidated Income Statement in the year ended 30 April 2020:

|  | 2020<br>£'m |
|--|-------------|
| Increase in depreciation expense       | 44.0        |
| Increase in finance costs              | 12.4        |
| (Decrease) in other expenses           | (52.0)      |
| <b>Increase in profit for the year</b> | <b>4.4</b>  |

#### Impact on Consolidated Balance Sheet as at 1 May 2019:

|  | As at<br>30 April 2019<br>under IAS 17<br>£'m | IFRS 16<br>adjustment on<br>transition<br>£'m | Adjusted values<br>as at<br>1 May 2019<br>£'m |
|--|---|---|---|
| <b>Non-current assets</b>                  |   |   |   |
| Property, plant and equipment <sup>1</sup> | 98.5  | (7.6)   | <b>90.9</b>                                   |
| Right-of-use assets <sup>1,2</sup>         | -   | 320.1   | <b>320.1</b>                                  |
| <b>Current Liabilities</b>                 |   |   |   |
| Lease liabilities                          | -   | (33.0)  | <b>(33.0)</b>                                 |
| Trade and other payables <sup>2</sup>      | (200.7)                                       | 29.1  | <b>(171.6)</b>                                |
| <b>Non-current Liabilities</b>             |   |   |   |
| Lease liabilities                          | -   | (308.6)                                       | <b>(308.6)</b>                                |

<sup>1</sup> Capitalised dilapidation costs which were previously presented within 'Property, plant and equipment' are now presented within 'Right-of-use assets'. The net book value as at 1 May 2019 was £7.6 million.

<sup>2</sup> The lease incentives liability of £29.1 million has been reclassified and taken against the corresponding right-of-use asset.

# DLA Piper International LLP

## Notes to the financial statements

### 3 Effects of changes in accounting policies (continued)

The application of IFRS 16 has had an impact on the consolidated statement of cash flows of the Group.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by £41.8 million, comprising £29.4 million of capital lease payments and £12.4 million of lease interest, and net cash used in financing activities has increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

### 4 Staff costs

| Group                         | 2020<br>£'m  | 2019<br>£'m  |
|-------------------------------|--------------|--------------|
| Salaries                      | 343.3        | 306.5        |
| Social security costs         | 30.0         | 27.0         |
| Other pension costs (note 25) | 14.9         | 13.6         |
| <b>Total staff costs</b>      | <b>388.2</b> | <b>347.1</b> |

The average monthly number of employees and self-employed practitioners (excluding members) during the year was:

|               | 2020<br>Number | 2019<br>Number |
|---------------|----------------|----------------|
| Fee earners   | 2,355          | 2,187          |
| Trainees      | 428            | 354            |
| Support staff | 2,782          | 2,668          |
|               | <b>5,565</b>   | <b>5,209</b>   |

There were no staff or related costs in the LLP (2019: £nil)

# DLA Piper International LLP

## Notes to the financial statements

### 5 Finance costs and finance income

|                                       | 2020         | 2019         |
|---------------------------------------|--------------|--------------|
|                                       | £'m          | £'m          |
| <b>Finance costs</b>                  |              |              |
| Interest payable and similar charges: |              |              |
| - on bank loans and overdrafts        | 2.4          | 2.1          |
| - to clients                          | 0.4          | 0.4          |
| - on lease liabilities                | 12.4         | -            |
| <b>Total finance costs</b>            | <b>15.2</b>  | <b>2.5</b>   |
| <b>Finance income</b>                 |              |              |
| Bank interest receivable              | (0.8)        | (0.8)        |
| <b>Total finance income</b>           | <b>(0.8)</b> | <b>(0.8)</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 6 Operating profit

|  | 2020  | 2019  |
|--|-------|-------|
|  | £'m   | £'m   |
| <hr/>  |       |       |
| Operating profit is stated after charging/(crediting):         |       |       |
| Amortisation (note 9)  | 7.2   | 5.4   |
| Depreciation of property, plant and equipment:                 |       |       |
| - owned assets (note 10)                                       | 18.5  | 17.0  |
| - assets held under finance leases (note 10)                   | -     | 0.6   |
| - right-of-use assets (note 11)                                | 44.0  | -     |
| Profit on disposal of property, plant and equipment            | (0.7) | (0.5) |
| Profit on disposal of investment                               | -     | (0.6) |
| Net foreign exchange loss/(gain)                               | 2.4   | (1.2) |
| Interest on lease liabilities                                  | 12.4  | -     |
| Expenses relating to short-term leases                         | 4.2   | -     |
| Expenses relating to leases of low value assets                | 0.3   | 0.3   |
| Operating lease rentals:                                       |       |       |
| - land and buildings   | -     | 61.0  |
| Lease income from land and buildings                           | (2.1) | (2.2) |
| Fees payable to the auditor and its associates (see next page) | 1.4   | 1.5   |
| <hr/>  |       |       |

# DLA Piper International LLP

## Notes to the financial statements

### 6 Operating profit (continued)

The fees payable to the auditor and its associates were as follows:

|   | 2020       | 2019       |
|---|------------|------------|
|   | £'m        | £'m        |
| <b>Audit fees</b>   |            |            |
| Fees payable for the audit of the LLP's financial statements  | 0.2        | 0.2        |
| Fees payable for the audit of the LLP's subsidiaries' financial statements and the audit of the DLA Piper pension scheme, pursuant to legislation | 0.5        | 0.5        |
| <b>Total audit fees</b>   | <b>0.7</b> | <b>0.7</b> |
| <b>Non-audit fees</b>   |            |            |
| Other services pursuant to legislation  | 0.1        | 0.1        |
| Tax services  | 0.4        | 0.5        |
| Other services  | 0.2        | 0.2        |
| <b>Total non-audit fees</b>   | <b>0.7</b> | <b>0.8</b> |
| <b>Total fees payable to the auditor and its associates</b>   | <b>1.4</b> | <b>1.5</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 7 Tax expense in corporate entities

The financial statements do not incorporate any charge or liability for taxation on the results of the limited liability partnerships or partnerships within the Group, as the relevant income tax and capital gains tax (or non-UK equivalents) are the responsibility of the individual members.

The tax charge included within these financial statements, which arises in the corporate entities within the Group, is:

|  | 2020       | 2019         |
|--|------------|--------------|
|  | £'m        | £'m          |
| <b>Current tax</b>                               |            |              |
| Corporation tax charge based on profits for the: |            |              |
| - current year                                   | 2.1        | 3.2          |
| - prior year                                     | 0.3        | 0.7          |
| <b>Total current tax expense</b>                 | <b>2.4</b> | <b>3.9</b>   |
| <b>Deferred tax (note 20)</b>                    |            |              |
| - origination and reversal of timing differences | 0.3        | 0.0          |
| - adjustment to prior year                       | 0.1        | (0.1)        |
| <b>Total deferred tax expense</b>                | <b>0.4</b> | <b>(0.1)</b> |
| <b>Tax expense</b>                               | <b>2.8</b> | <b>3.8</b>   |

# DLA Piper International LLP

## Notes to the financial statements

### 7 Tax expense in corporate entities (continued)

The current tax charge assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The reasons are explained below:

|  | 2020       | 2019       |
|--|------------|------------|
|  | £'m        | £'m        |
| Profit on ordinary activities before taxation                        | 361.3      | 344.6      |
| Less: Profit on ordinary activities subject to personal taxation     | (355.2)    | (340.0)    |
| Profit on ordinary activities of corporate entities before tax       | 6.1        | 4.6        |
| Tax at UK standard rate of 19.00% (2019: 19.00%)                     | 1.2        | 0.9        |
| Non-taxable income less expenses not deductible for tax purposes     | (3.3)      | 0.0        |
| Short term timing differences on which no deferred tax is recognised | 4.4        | 3.1        |
| Tax losses   | 0.9        | 0.2        |
| Different tax rates in foreign jurisdictions                         | (0.1)      | (0.4)      |
| Adjustment in respect of prior year                                  | 0.4        | 0.6        |
| Other taxes  | (0.7)      | (0.6)      |
| <b>Total tax charge</b>  | <b>2.8</b> | <b>3.8</b> |

#### Factors that may affect future tax UK charges

The current UK main corporation tax rate is 19%, which has been effective since 1 April 2017. A reduction in the main rate to 17% was substantively enacted on 6 September 2016 and was due to be effective from 1 April 2020. In March 2020, the Government confirmed the UK main corporation tax rate would remain at 19% for the years starting 1 April 2020 and 2021. The Finance Act 2020, which substantially enacted this change, received Royal Assent in July 2020.

### 8 Members

The average monthly number of members during the year was:

|                    | 2020       | 2019       |
|--------------------|------------|------------|
|                    | Number     | Number     |
| Equity members     | 684        | 654        |
| Non-equity members | 0          | 2          |
|                    | <b>684</b> | <b>656</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 9 Intangible assets

| Group                           | Goodwill   | Computer software | Total       |
|---------------------------------|------------|-------------------|-------------|
|                                 | £'m        | £'m               | £'m         |
| <b>Cost</b>                     |            |                   |             |
| At 1 May 2018                   | 6.5        | 35.8              | 42.3        |
| Additions                       | -          | 11.7              | 11.7        |
| At 30 April 2019                | 6.5        | 47.5              | 54.0        |
| Additions                       | -          | 14.8              | 14.8        |
| <b>At 30 April 2020</b>         | <b>6.5</b> | <b>62.3</b>       | <b>68.8</b> |
| <b>Accumulated amortisation</b> |            |                   |             |
| At 1 May 2018                   | 6.5        | 26.3              | 32.8        |
| Charge for the year             | -          | 5.4               | 5.4         |
| At 30 April 2019                | 6.5        | 31.7              | 38.2        |
| Charge for the year             | -          | 7.2               | 7.2         |
| <b>At 30 April 2020</b>         | <b>6.5</b> | <b>38.9</b>       | <b>45.4</b> |
| <b>Net book value</b>           |            |                   |             |
| <b>At 30 April 2020</b>         | <b>-</b>   | <b>23.4</b>       | <b>23.4</b> |
| At 30 April 2019                | -          | 15.8              | 15.8        |

# DLA Piper International LLP

## Notes to the financial statements

### 10 Property, plant and equipment

| Group                           | Leasehold property improvements | Fittings, furnishings and equipment | Computer equipment | Motor vehicles | Total        |
|---------------------------------|---------------------------------|-------------------------------------|--------------------|----------------|--------------|
|                                 | £'m                             | £'m                                 | £'m                | £'m            | £'m          |
| <b>Cost</b>                     |                                 |                                     |                    |                |              |
| At 1 May 2018                   | 113.5                           | 26.4                                | 35.6               | 0.2            | 175.7        |
| Additions                       | 23.8                            | 8.6                                 | 17.7               | 0.2            | 50.3         |
| Disposals                       | (16.8)                          | (1.4)                               | (3.6)              | (0.2)          | (22.0)       |
| Exchange adjustments            | (0.1)                           | (0.1)                               | 0.1                | 0.0            | (0.1)        |
| At 30 April 2019                | 120.4                           | 33.5                                | 49.8               | 0.2            | 203.9        |
| Reclassification*               | (11.6)                          | -                                   | -                  | -              | (11.6)       |
| Additions                       | 13.3                            | 4.3                                 | 7.2                | 0.1            | 24.9         |
| Disposals                       | (4.3)                           | -                                   | (1.3)              | (0.1)          | (5.7)        |
| Exchange adjustments            | (0.1)                           | 0.4                                 | 0.0                | -              | 0.3          |
| <b>At 30 April 2020</b>         | <b>117.7</b>                    | <b>38.2</b>                         | <b>55.7</b>        | <b>0.2</b>     | <b>211.8</b> |
| <b>Accumulated depreciation</b> |                                 |                                     |                    |                |              |
| At 1 May 2018                   | 64.8                            | 18.7                                | 25.5               | 0.0            | 109.0        |
| Charge for the year             | 7.8                             | 3.1                                 | 6.7                | 0.0            | 17.6         |
| Disposals                       | (16.6)                          | (1.4)                               | (3.5)              | 0.0            | (21.5)       |
| Exchange adjustments            | 0.1                             | 0.0                                 | 0.2                | 0.0            | 0.3          |
| At 30 April 2019                | 56.1                            | 20.4                                | 28.9               | 0.0            | 105.4        |
| Reclassification*               | (4.0)                           | -                                   | -                  | -              | (4.0)        |
| Charge for the year             | 6.8                             | 3.1                                 | 8.5                | 0.1            | 18.5         |
| Disposals                       | (3.6)                           | -                                   | (0.6)              | (0.1)          | (4.3)        |
| Exchange adjustments            | 0.1                             | 0.5                                 | 0.1                | 0.0            | 0.7          |
| <b>At 30 April 2020</b>         | <b>55.4</b>                     | <b>24.0</b>                         | <b>36.9</b>        | <b>0.0</b>     | <b>116.3</b> |
| <b>Net book value</b>           |                                 |                                     |                    |                |              |
| <b>At 30 April 2020</b>         | <b>62.3</b>                     | <b>14.2</b>                         | <b>18.8</b>        | <b>0.2</b>     | <b>95.5</b>  |
| At 30 April 2019                | 64.3                            | 13.1                                | 20.9               | 0.2            | 98.5         |

As at 30 April 2020, the net carrying amount of leasehold property improvements held under finance leases is £nil (2019: £0.4 million) and of motor vehicles is £0.2 million (2019: £0.2 million).

Group capital commitments contracted but not provided at 30 April 2020 amounted to £nil million (2019: £nil million).

\*The reclassification relates to the transfer of the capitalised dilapidation costs from leasehold property improvements to the right-of-use assets under IFRS 16.

# DLA Piper International LLP

## Notes to the financial statements

### 11 Right-of-use assets

| Group                           | Total<br>£'m |
|---------------------------------|--------------|
| <b>Cost</b>                     |              |
| Capitalisation on 1 May 2019    | 312.5        |
| Additions                       | 89.3         |
| Reclassification*               | 11.6         |
| <b>At 30 April 2020</b>         | <b>413.4</b> |
| <b>Accumulated depreciation</b> |              |
| At 1 May 2019                   | -            |
| Charge for the year             | 44.0         |
| Reclassification*               | 4.0          |
| Exchange adjustments            | (0.2)        |
| <b>At 30 April 2020</b>         | <b>47.8</b>  |
| <b>Net book value</b>           |              |
| <b>At 30 April 2020</b>         | <b>365.6</b> |
| At 30 April 2019                | -            |

All right-of-use assets relate to properties.

The maturity analysis of lease liabilities is presented in note 19.

\*The reclassification relates to the transfer of the reinstatement asset from leasehold property improvements to the right-of-use assets under IFRS 16.

# DLA Piper International LLP

## Notes to the financial statements

### 12 Investments

| Shares in Group undertakings                               | Group<br>£'m | LLP<br>£'000 |
|--|--------------|--------------|
| <b>Cost at 1 May 2018, 30 April 2019 and 30 April 2020</b> | -            | 9            |

| Other investments   | Group<br>£'m | LLP<br>£'000 |
|---|--------------|--------------|
| Cost at 1 May 2018  | 0.2          | -            |
| Disposals   | (0.1)        | -            |
| Cost at 30 April 2019   | 0.1          | -            |
| <b>Cost and net book value of other investments at 30 April</b> | <b>0.1</b>   | <b>-</b>     |

| Total investments          | Group<br>£'m | LLP<br>£'000 |
|----------------------------|--------------|--------------|
| <b>As at 30 April 2020</b> | <b>0.1</b>   | <b>9</b>     |
| As at 30 April 2019        | 0.1          | 9            |

Investments in Group undertakings are stated at cost. The members consider the value of the investments to be supported by their underlying net assets.

A list of the subsidiary undertakings is given in note 26.

Transactions during the year with the joint venture are disclosed in note 28.

# DLA Piper International LLP

## Notes to the financial statements

### 12 Investments (continued)

#### Interests in joint venture

During the year, DLA Piper Middle East LLP held a 50% joint venture stake in DLA Piper Kuwait by virtue of a signed joint venture agreement between DLA Piper Middle East LLP, DLA Piper Kuwait and Al Wagayan, Al Awadhi & Al Saif, a third party law firm in Kuwait. This agreement was terminated on 30 April 2020.

Summarised financial information for DLA Piper Kuwait is set out below:

|   | 2020 | 2019  |
|---|------|-------|
|   | £'m  | £'m   |
| <b>Net liabilities</b>                              | -    | (2.1) |
| <b>Revenue</b>                                      | 0.7  | 0.6   |
| <b>Total comprehensive gain/(loss) for the year</b> | 2.1  | (0.6) |

A reconciliation of the above summarised financial information to the carrying amount of the investment in DLA Piper Kuwait is set out below:

|  | 2020 | 2019  |
|--|------|-------|
|  | £'m  | £'m   |
| Total net liabilities of DLA Piper Kuwait              | -    | (2.1) |
| Proportion of ownership interests held by the Group    | -    | 50%   |
| <b>Proportion of net liabilities held by the Group</b> | -    | (1.0) |
| Losses recognised as a liability in accruals           | -    | (1.0) |
| <b>Carrying amount of the investment</b>               | -    | -     |

No dividends were received from the joint venture during the year ended 30 April 2020 (2019: £nil).

# DLA Piper International LLP

## Notes to the financial statements

### 13 Trade and other receivables

| <b>Group</b>                                     | <b>2020</b>  | <b>2019</b> |
|--|--------------|-------------|
|  | <b>£'m</b>   | <b>£'m</b>  |
| Trade receivables                                | <b>361.6</b> | 357.1       |
| Other receivables                                | <b>19.3</b>  | 10.9        |
| Taxation and social security                     | <b>1.1</b>   | 0.9         |
| Loans and other debts due from members (note 23) | <b>116.0</b> | 93.5        |
| Prepayments                                      | <b>28.3</b>  | 21.9        |
| <b>Total trade and other receivables</b>         | <b>526.3</b> | 484.3       |

| <b>Group</b>                             | <b>2020</b>  | <b>2019</b> |
|--|--------------|-------------|
|  | <b>£'m</b>   | <b>£'m</b>  |
| Included in current assets               | <b>525.2</b> | 482.6       |
| Included in non-current assets           | <b>1.1</b>   | 1.7         |
| <b>Total trade and other receivables</b> | <b>526.3</b> | 484.3       |

There is no material difference between the fair value and the carrying value of trade and other receivables.

Analysis of financial assets and associated risks is provided in note 29.

The LLP has receivables of £1,000 relating to amounts owed by Group undertakings (2019: £1,000).

| <b>Movement in the allowance for credit loss provision</b>         | <b>2020</b>   | <b>2019</b> |
|--|---------------|-------------|
|  | <b>£'m</b>    | <b>£'m</b>  |
| As at 1 May 2019   | <b>31.3</b>   | 32.5        |
| Settled in the year  | <b>(12.9)</b> | (13.2)      |
| Direct write offs  | <b>(10.2)</b> | (11.8)      |
| Movement in provision on invoices outstanding at start of the year | <b>9.4</b>    | 10.4        |
| New provision arising on invoices raised during the year           | <b>19.7</b>   | 13.4        |
| <b>As at 30 April 2020</b>   | <b>37.3</b>   | 31.3        |

# DLA Piper International LLP

## Notes to the financial statements

### 13 Trade and other receivables (continued)

#### Allowance for expected credit losses

The Group has recognised a loss of £23.5 million (2019: £17.9 million) in the income statement in respect of the expected credit losses for the year. The ageing of the receivables and allowance for expected credit losses provided for are as follows:

| Ageing            | Expected credit loss rate |       | Carrying amount <sup>1</sup> |              | Allowance for expected credit loss |             |
|-------------------|---------------------------|-------|------------------------------|--------------|------------------------------------|-------------|
|                   | 2020                      | 2019  | 2020                         | 2019         | 2020                               | 2019        |
|                   |                           |       | £'m                          | £'m          | £'m                                | £'m         |
| Less than 1 month | 2.3%                      | 1.9%  | 150.6                        | 163.9        | 3.5                                | 3.1         |
| 1 - 3 months      | 4.1%                      | 2.8%  | 100.6                        | 92.3         | 4.1                                | 2.6         |
| 3 - 6 months      | 8.9%                      | 6.4%  | 52.4                         | 51.3         | 4.7                                | 3.3         |
| 6 - 9 months      | 23.1%                     | 18.3% | 17.8                         | 17.7         | 4.1                                | 3.2         |
| 9 - 12 months     | 35.0%                     | 27.4% | 9.3                          | 7.1          | 3.3                                | 1.9         |
| 12 - 18 months    | 49.5%                     | 49.3% | 9.7                          | 12.7         | 4.8                                | 6.3         |
| 18 - 24 months    | 59.9%                     | 57.6% | 4.9                          | 4.7          | 2.9                                | 2.7         |
| 2 - 3 years       | 78.7%                     | 79.3% | 8.0                          | 4.8          | 6.3                                | 3.8         |
| Over 3 years      | 93.8%                     | 88.7% | 3.9                          | 5.0          | 3.6                                | 4.4         |
| <b>Total</b>      |                           |       | <b>357.2</b>                 | <b>359.5</b> | <b>37.3</b>                        | <b>31.3</b> |

<sup>1</sup> The carrying amount in the calculation of the credit loss provision excludes VAT and other taxation.

### 14 Contract Assets

|   | 2020  | 2019  |
|---|-------|-------|
|   | £'m   | £'m   |
| Contract assets   | 129.6 | 119.3 |
| Revenue recognised in the period from performance obligations satisfied in previous periods | 6.4   | 10.6  |

The contract assets value represents the conditional right to consideration for completed performance obligations on a contract by contract basis. Amounts are billed in accordance with agreed contractual terms, either at periodic intervals or upon achievement of contractual milestones. Accounts receivable are recognised when the right to consideration becomes unconditional.

Changes in the contract assets balance during the year were not materially impacted by any specific factors.

# DLA Piper International LLP

## Notes to the financial statements

### 15 Derivative financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the hierarchy of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The Group's only financial assets or liabilities measured at fair value are foreign currency forward contracts to buy and sell Euros, US Dollars, Australian Dollars, Hong Kong Dollars and Singapore Dollars against Sterling to mitigate exchange rate exposure. The foreign currency forward contracts are classified as level 2 as they are not traded in active markets. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

At 30 April 2020, DLA Piper UK LLP, a subsidiary undertaking, had the following open foreign exchange contracts:

- Sell AUD 11.000 million against Sterling on 4 May 2020 at a fixed rate of 2.041844
- Sell USD 2.750 million against Sterling on 4 May 2020 at a fixed rate of 1.237476
- Sell EUR 57.075 million against Sterling on 4 May 2020 at a fixed rate of 1.130637
- Buy HKD 80.000 million against Sterling on 5 May 2020 at a fixed rate of 9.682110
- Buy SGD 0.650 million against Sterling on 5 May 2020 at a fixed rate of 1.756358
- Sell EUR 0.750 million against Sterling on 4 May 2020 at a fixed rate of 1.150933
- Sell USD 50.500 million against Sterling on 4 May 2020 at a fixed rate of 1.250914

At 30 April 2020, DLA Piper Treasury Services Limited, a subsidiary undertaking, had the following open foreign exchange contracts:

- Buy HKD 38.500 million against sterling on 5 May 2020 at a fixed rate of 9.682740
- Sell SGD 1.500 million against sterling on 5 May 2020 at a fixed rate of 1.770513
- Buy JPY 60.000 million against sterling on 4 May 2020 at a fixed rate of 132.356700
- Buy AUD 19.750 million against sterling on 5 May 2020 at a fixed rate of 1.904642
- Buy EUR 3.925 million against sterling on 5 May 2020 at a fixed rate of 1.150550
- Sell USD 16.200 million against sterling on 5 May 2020 at a fixed rate of 1.250176
- Sell AUD 3.300 million against sterling on 1 May 2020 at a fixed rate of 1.921145
- Buy AUD 3.300 million against sterling on 5 May 2020 at a fixed rate of 1.921043

The contracts have been taken out to hedge specific assets and liabilities that are expected to be paid or received in foreign currency, in-line with the Group's risk management policy as detailed in note 29. The fair value of the foreign currency forward contracts as at 30 April 2020 is an asset of £1,269,000 and a liability of £402,000 (2019: asset of £362,000 and a liability of £60,000).

# DLA Piper International LLP

## Notes to the financial statements

### 16 Trade and other payables

| Group                                    | 2020<br>£'m  | 2019<br>£'m  |
|--|--------------|--------------|
| Trade payables                           | 61.2         | 57.1         |
| Taxation and social security             | 40.1         | 24.6         |
| Other payables                           | 34.0         | 25.5         |
| Amounts owed to former members           | 14.0         | 9.0          |
| Amounts owed to joint ventures (note 28) | -            | 0.1          |
| Accruals                                 | 81.4         | 110.4        |
| <b>Total trade and other payables</b>    | <b>230.7</b> | <b>226.7</b> |

| Group                                 | 2020<br>£'m  | 2019<br>£'m  |
|---------------------------------------|--------------|--------------|
| Included in current liabilities       | 214.9        | 200.7        |
| Included in non-current liabilities   | 15.8         | 26.0         |
| <b>Total trade and other payables</b> | <b>230.7</b> | <b>226.7</b> |

There is no material difference between the fair value and the carrying value of trade and other payables.

Analysis of financial liabilities and associated risks is provided in note 29.

The LLP has current other payables of £9,000 (2019: £9,000).

# DLA Piper International LLP

## Notes to the financial statements

### 17 Contract Liabilities

Contract liabilities represent payments received in advance of the performance obligation within the contracts. The associated revenue is recognised when the performance obligation is completed. Changes in the contract liabilities balance during the year were not materially impacted by any specific factors.

|   | 2020 | 2019 |
|---|------|------|
|   | £'m  | £'m  |
| Contract liabilities  | 12.3 | 10.9 |
| Revenue recognised in the period from amounts included in contract liabilities at the beginning of the period | 10.9 | 6.7  |

### 18 Borrowings

| Group                   | 2020        | 2019        |
|-------------------------|-------------|-------------|
|                         | £'m         | £'m         |
| Bank overdraft          | 19.2        | 30.4        |
| Bank loans              | 51.8        | 36.8        |
| <b>Total borrowings</b> | <b>71.0</b> | <b>67.2</b> |

| Group                               | 2020        | 2019        |
|-------------------------------------|-------------|-------------|
|                                     | £'m         | £'m         |
| Included in current liabilities     | 69.7        | 64.3        |
| Included in non-current liabilities | 1.3         | 2.9         |
| <b>Total borrowings</b>             | <b>71.0</b> | <b>67.2</b> |

Bank overdrafts are repayable on demand and are unsecured.

Bank loans are unsecured.

There is no material difference between the fair value and the carrying value of borrowings.

Analysis of borrowings and associated risks is provided in note 29.

There are no borrowings in the LLP (2019: £nil).

# DLA Piper International LLP

## Notes to the financial statements

### 19 Lease liabilities

|                                     | 2020<br>£'m  | 2019<br>£'m |
|-------------------------------------|--------------|-------------|
| Included in current liabilities     | 38.4         | -           |
| Included in non-current liabilities | 367.2        | -           |
| <b>Total lease liabilities</b>      | <b>405.6</b> | <b>-</b>    |

| <b>Maturity analysis</b>                     | 2020<br>£'m  | 2019<br>£'m |
|--|--------------|-------------|
| Not later than 1 year                        | 38.4         | -           |
| Later than 1 year and not later than 5 years | 161.4        | -           |
| Later than 5 years                           | 205.8        | -           |
| <b>Total lease liabilities</b>               | <b>405.6</b> | <b>-</b>    |

# DLA Piper International LLP

## Notes to the financial statements

### 20 Deferred tax

The movements on the Group's deferred tax asset during the year are as follows:

|                              | <b>Group<br/>£'m</b> |
|------------------------------|----------------------|
| At 1 May 2018                | 0.4                  |
| Credited to income statement | 0.1                  |
| At 30 April 2019             | 0.5                  |
| Charged to income statement  | (0.4)                |
| <b>At 30 April 2020</b>      | <b>0.1</b>           |

The Group's deferred tax asset position may be analysed as follows:

| <b>Group</b>                    | <b>2020<br/>£'m</b> | 2019<br>£'m |
|---------------------------------|---------------------|-------------|
| Other timing differences        | <b>0.1</b>          | 0.5         |
| <b>Total deferred tax asset</b> | <b>0.1</b>          | 0.5         |

Deferred tax assets are recognised to the extent that it is probable that a future taxable profit will be available against which the temporary differences can be utilised and comprises temporary differences between capital allowances and depreciation.

Deferred tax is measured at the tax rates that are enacted or substantively enacted at the reporting date and expected to apply in the period in which the temporary differences reverse.

Deferred tax is measured using the tax rate applicable in the country of the entity to which it relates.

There was no deferred tax arising in the LLP for the year to 30 April 2020 (2019: £nil).

# DLA Piper International LLP

## Notes to the financial statements

### 21 Lease commitments

#### Leases of low value assets

| Future minimum payments for leases of low value assets are as follows: | 2020<br>£'m | 2019<br>£'m |
|--|-------------|-------------|
| <b>Other - Group</b>   |             |             |
| Within one year  | 0.5         | 0.2         |
| Between one and five years   | 0.4         | 0.1         |
| <b>Total</b>   | <b>0.9</b>  | <b>0.3</b>  |

| Future minimum receipts under leases are as follows: | 2020<br>£'m | 2019<br>£'m |
|--|-------------|-------------|
| <b>Land and buildings - Group</b>                    |             |             |
| Within one year                                      | 1.1         | 0.9         |
| Between one and five years                           | 3.0         | 3.3         |
| After five years                                     | 0.6         | 0.7         |
| <b>Total</b>   | <b>4.7</b>  | <b>4.9</b>  |

The following is a reconciliation of total operating lease commitments at 30 April 2019 (as disclosed in the financial statements to 30 April 2019) to the lease liabilities recognised at 1 May 2019.

|   | £'m          |
|---|--------------|
| <b>Total operating lease commitments as at 30 April 2019</b>          | <b>442.7</b> |
| Leases with remaining lease term of less than 12 months               | (8.4)        |
| Other adjustments relating to commitments                             | (10.6)       |
| Total discount using the incremental borrowing rate                   | (81.8)       |
| <b>Total lease liabilities recognised under IFRS 16 at 1 May 2019</b> | <b>341.7</b> |

The LLP has no lease commitments at the balance sheet date (2019: £nil).

# DLA Piper International LLP

## Notes to the financial statements

### 22 Provisions

| Group                               | Annuities  | Vacant<br>properties and<br>dilapidations | Total       |
|-------------------------------------|------------|---|-------------|
|                                     | £'m        | £'m                                       | £'m         |
| At 1 May 2018                       | 2.3        | 15.0                                      | 17.3        |
| Utilised during the year            | (0.1)      | (1.3)                                     | (1.4)       |
| Provisions released during the year | -          | (1.2)                                     | (1.2)       |
| Additional provisions               | -          | 5.7                                       | 5.7         |
| <b>At 30 April 2019</b>             | <b>2.2</b> | <b>18.2</b>                               | <b>20.4</b> |
| Utilised during the year            | (0.1)      | (2.1)                                     | (2.2)       |
| Provisions released during the year | (0.2)      | (1.9)                                     | (2.1)       |
| Additional provisions               | -          | 1.2                                       | 1.2         |
| Exchange adjustments                | -          | 0.2                                       | 0.2         |
| <b>At 30 April 2020</b>             | <b>1.9</b> | <b>15.6</b>                               | <b>17.5</b> |

|   | 2020<br>£'m | 2019<br>£'m |
|---|-------------|-------------|
| Included in current liabilities         | 7.9         | 5.8         |
| Included in non-current liabilities     | 9.6         | 14.6        |
| <b>Total provisions for liabilities</b> | <b>17.5</b> | <b>20.4</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 22 Provisions (continued)

#### Vacant properties and dilapidations

A provision has been recognised for obligations under property contracts for vacant properties. The provision has been estimated using current costs and has not been discounted to present value as the effect of discounting would be immaterial. The provision covers all unavoidable costs and is after allowance for existing or anticipated sublet rental income.

A provision for dilapidations is recognised in respect of property leases which contain a requirement for premises to be returned to their original state on conclusion of the lease term. The provision has been estimated using current costs and has not been discounted to present value as the effect of discounting would be immaterial. The leases to which the provision relates all expire by 2038.

#### Annuities

The provision for annuities was based upon the valuation principles from IAS 19 "Employee Benefits". The IAS 19 calculations were performed by an actuary as at 30 April 2013 and were based on the capital value of the annuities in payment as at this date, calculated by discounting the future annuity payments. Expected undiscounted annual payments are £Nil (2019: £5,000) relating to fixed term annuities expiring within five years and £67,000 (2019: £104,000) relating to lifetime annuities.

The major assumptions used by the actuary as at 30 April 2013 were:

|                            |      |
|----------------------------|------|
| Discount rate              | 3.1% |
| Price inflation assumption | 2.9% |

The Board consider it appropriate to obtain an updated calculation when there have been material changes. No calculation has been obtained for the year ended 30 April 2020 as the scheme is closed. The number of annuities in payment and the total gross annuity has reduced from 4 to 3 and £224,000 to £103,000 respectively since April 2013 so the difference between an updated calculation and the provision of £1.9 million is unlikely to be material.

# DLA Piper International LLP

## Notes to the financial statements

### 23 Members' interests

|  | Loans and other debts due to/(from) members   |                |              | Other reserves<br>(classified as equity) | Total        |
|--|---|----------------|--------------|--|--------------|
|  | Members' capital<br>(classified as liability) | Other amounts  | Total        |  |              |
|  | £'m   | £'m            | £'m          |  |              |
| <b>Members' interests at 1 May 2018</b>  | <b>153.2</b>                                  | <b>(106.4)</b> | <b>46.8</b>  | <b>248.9</b>                             | <b>295.7</b> |
| IFRS 9 opening reserves adjustment   | -   | -              | -            | 2.2                                      | 2.2          |
| <b>Restated Members' interests at 1 May 2018</b>   | <b>153.2</b>                                  | <b>(106.4)</b> | <b>46.8</b>  | <b>251.1</b>                             | <b>297.9</b> |
| Profit for the financial year ended 30 April 2019 available for discretionary division among members | -   | -              | -            | 340.8                                    | 340.8        |
| <b>Members' interests after profit for the year</b>  | <b>153.2</b>                                  | <b>(106.4)</b> | <b>46.8</b>  | <b>591.9</b>                             | <b>638.7</b> |
| Divided profit   | -   | 370.9          | 370.9        | (370.9)                                  | -            |
| Capital introduced   | 19.8  | -              | 19.8         | -  | 19.8         |
| Capital repaid   | (12.1)  | -              | (12.1)       | -  | (12.1)       |
| Capital not paid up  | 0.2   | (0.2)          | -            | -  | -            |
| Transfer of former members' funds to current liabilities   | -   | (6.6)          | (6.6)        | -  | (6.6)        |
| Drawings and distributions   | -   | (298.0)        | (298.0)      | -  | (298.0)      |
| Net exchange adjustments   | 0.1   | (0.1)          | -            | (3.8)                                    | (3.8)        |
| <b>Members' interests at 30 April 2019</b>   | <b>161.2</b>                                  | <b>(40.4)</b>  | <b>120.8</b> | <b>217.2</b>                             | <b>338.0</b> |
| Loans and other debts due from members (note 13)   | -   | 93.5           | 93.5         | -  | 93.5         |
| Members' interests at 30 April 2019 excluding loans and other debts due from members                 | 161.2   | 53.1           | 214.3        | 217.2                                    | 431.5        |

# DLA Piper International LLP

## Notes to the financial statements

### 23 Members' interests (continued)

|  | Loans and other debts due to/(from) members   |               |              | Other reserves<br>(classified as equity) | Total        |
|--|---|---------------|--------------|--|--------------|
|  | Members' capital<br>(classified as liability) | Other amounts | Total        |  |              |
|  | £'m   | £'m           | £'m          |  |              |
| <b>Members' interests at 1 May 2019</b>  | <b>161.2</b>                                  | <b>(40.4)</b> | <b>120.8</b> | <b>217.2</b>                             | <b>338.0</b> |
| Profit for the financial year ended 30 April 2020 available for discretionary division among members | -   | -             | -            | 358.5                                    | 358.5        |
| <b>Members' interests after profit for the year</b>  | <b>161.2</b>                                  | <b>(40.4)</b> | <b>120.8</b> | <b>575.7</b>                             | <b>696.5</b> |
| Divided profit   | -   | 337.1         | 337.1        | (337.1)                                  | -            |
| Capital introduced   | 24.3  | -             | 24.3         | -  | 24.3         |
| Capital repaid   | (13.9)  | -             | (13.9)       | -  | (13.9)       |
| Capital not paid up  | (1.3)   | 1.3           | -            | -  | -            |
| Transfer of former members' funds to current liabilities   | (0.4)   | (15.6)        | (16.0)       | -  | (16.0)       |
| Drawings and distributions   | -   | (347.1)       | (347.1)      | -  | (347.1)      |
| Net exchange adjustments   | 1.3   | (0.2)         | 1.1          | 2.9                                      | 4.0          |
| <b>Members' interests at 30 April 2020</b>   | <b>171.2</b>                                  | <b>(64.9)</b> | <b>106.3</b> | <b>241.5</b>                             | <b>347.8</b> |
| Loans and other debts due from members (note 13)   | -   | 116.0         | 116.0        | -  | 116.0        |
| <b>Members' interests at 30 April 2020 excluding loans and other debts due from members</b>          | <b>171.2</b>                                  | <b>51.1</b>   | <b>222.3</b> | <b>241.5</b>                             | <b>463.8</b> |

'Other amounts' included within loans and other debts due to/(from) members represent allocated profits not yet paid to members and are due within one year. The basis on which profits are allocated and divided is described in the statement of accounting policies on page 26.

In the event of a winding up, loans and other debts due to members rank after bank loans and overdrafts, but rank equally with other unsecured creditors; members' other interests (other reserves) rank after unsecured creditors and no additional protection is afforded to creditors. Members' capital contributions are determined by the Board having regard, inter alia, to the working capital needs of the Group. Individual members' capital contributions are set by reference to profit share proportions and are not repayable until the member retires.

# DLA Piper International LLP

## Notes to the financial statements

### 23 Members' interests (continued)

The LLP has members' interests of £1,000 (2019: £1,000) and this wholly related to members' capital classified as a liability. The LLP did not trade during the current or prior year and, on that basis, a Members' interests note has not been presented.

### 24 Non-cash adjustments and change in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to profit before tax to arrive at operating cash flow:

|   | Note | 2020<br>£'m | 2019<br>£'m   |
|---|------|-------------|---------------|
| <b>Non-cash adjustments</b>                       |      |             |               |
| Depreciation on property, plant and equipment     | 10   | 18.5        | 17.6          |
| Depreciation on right-of-use assets               | 11   | 44.0        | -             |
| Amortisation                                      | 9    | 7.2         | 5.4           |
| (Profit)/loss on disposal of fixed assets         |      | (0.7)       | 0.1           |
| Gain on disposal of investments                   |      | -           | (0.6)         |
| Result from equity accounted investment           |      | (1.0)       | -             |
| <b>Total non-cash adjustments</b>                 |      | <b>68.0</b> | <b>22.5</b>   |
| <hr/>   |      |             |               |
|   |      | 2020<br>£'m | 2019<br>£'m   |
| <b>Net changes in working capital</b>             |      |             |               |
| Increase in trade and other receivables           |      | (20.2)      | (43.3)        |
| Increase in contract assets                       |      | (10.3)      | (15.2)        |
| Increase in trade and other payables              |      | 37.3        | 15.9          |
| Increase in contract liabilities                  |      | 1.4         | 4.2           |
| Decrease in provisions less unwinding of discount |      | (3.7)       | (2.5)         |
| Exchange adjustments                              |      | 5.4         | (3.8)         |
| <b>Total changes in working capital</b>           |      | <b>9.9</b>  | <b>(44.7)</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 25 Pension costs

The Group has established a number of pension schemes across most of its offices. The principal fund is in the UK and this is a defined contribution scheme operated through DLA Piper UK LLP, a Group subsidiary undertaking. This is open to all UK employees. The assets of the scheme are held separately from those of the Group.

The total pension cost for the Group was £14.9 million (2019: £13.6 million) and no amounts were outstanding at the balance sheet date (2019: £nil).

### 26 Subsidiary undertakings

The financial statements consolidate the results and financial position of the Group, including the subsidiary undertakings listed below.

#### Limited liability partnerships

- DLA Piper UK LLP (provision of legal services and operates in England, Belgium, Germany and China)
- DLA Piper Scotland LLP (provision of legal services and operates in Scotland)
- DLA Piper Middle East LLP (provision of legal services and operates in United Arab Emirates, Qatar and Bahrain)
- DLA Piper Asia LLP (investment holding in Hong Kong, Thailand and Japan)
- DLA Piper Oman LLP (provision of legal services and operates in Oman)
- DLA Piper Prague LLP (provision of legal services and operates in Czech Republic)
- DLA Piper Services LLP (provision of management services to the Group and operates in the United Kingdom)
- DLA Piper Europe LLP (investment holding in Poland, Hungary and Romania)
- DLA Piper France LLP (provision of legal services and operates in France)

All of the above are limited liability partnerships registered in England and Wales, with the exception of DLA Piper Scotland LLP, which is registered in Scotland.

#### Partnerships (unlimited liability partnerships)

- DLA Piper Posztl, Nemescsóti, Györfi-Tóth and Partners (operates in Hungary)
- DLA Piper Studio Legale Tributario Associato (operates in Italy)
- DLA Piper Hong Kong (operates in Hong Kong)
- DLA Piper Tokyo Partnership (operates in Japan)
- DLA Piper Gizinski Kycia sp. k.(operates in Poland)
- DLA Piper Dinu SCA (operates in Romania)
- DLA Piper Australia Queensland Partnership (operates in Australia)
- DLA Piper Australia National Partnership (operates in Australia)
- DLA Piper Ireland (operates in Ireland)

The principal activity of the above partnerships is the provision of legal services.

#### Joint venture

DLA Piper Kuwait (provision of legal services and operates in Kuwait). This joint venture agreement was terminated on 30 April 2020.

# DLA Piper International LLP

## Notes to the financial statements

### 26 Subsidiary undertakings (continued)

|  |   |                   |
|--|---|-------------------|
| Fountain Trustee Limited   | Providing independent pension trustee services  | England and Wales |
| Clarson Services Limited   | Provision of secretarial services   | Hong Kong         |
| Mallory Insurance Services PCC Limited                               | Underwriting of insurance   | Guernsey          |
| DLA Piper Spain SL   | Provision of legal services   | Spain             |
| DLA Piper Holdings (Thailand) Limited                                | Holding company   | Thailand          |
| DLA Piper (Thailand) Limited   | Provision of legal services   | Thailand          |
| DLA Piper Weiss-Tessbach Rechtsanwälte<br>Organizacna Zlozka         | Provision of legal services   | Slovakia          |
| DLA Piper Weiss-Tessbach Rechtsanwälte GmbH                          | Provision of legal services   | Austria           |
| DLA Piper Italy Services SRL   | Provision of management services to Studio Legale Tributario<br>Associato   | Italy             |
| DLA Piper Singapore Pte. Ltd.  | Provision of legal services   | Singapore         |
| DLA Piper Hong Kong Services Limited                                 | Provision of assets and services to DLA Piper Hong Kong   | Hong Kong         |
| DLA Piper Hong Kong Management Services<br>Limited <sup>1</sup>      | Provision of services to DLA Piper Hong Kong  | Hong Kong         |
| DLA Piper Rus Limited  | Provision of legal services   | England and Wales |
| DLA Piper Nederland N.V. <sup>2</sup>                                | Provision of legal services   | Netherlands       |
| Stichting Financiering DLA Piper Nederland                           | Provision of management services to DLA Piper Nederland<br>N.V.   | Netherlands       |
| Stichting Beheer Derdengelden Advocatuur DLA<br>Piper Nederland N.V. | Provision of management services to DLA Piper Nederland<br>N.V.   | Netherlands       |
| DLA Piper Ukraine LLC  | Provision of legal services   | Ukraine           |
| DLA Piper Japan Services KK  | Provision of assets and services to DLA Piper Tokyo<br>Partnership  | Japan             |
| DLA Piper Hungary Services Kft                                       | Provision of management services to DLA Piper Posztl,<br>Nemescsói, Györfi-Tóth and Partners                                      | Hungary           |
| DLA Piper Tax Consulting LLC   | Provision of legal services   | Hungary           |
| DLA Piper Services Bucharest SRL                                     | Provision of management services to DLA Piper Dinu SCA  | Romania           |
| DLA Piper Tax SRL  | Provision of legal services   | Romania           |
| PF Lawyers Pty Limited as trustee of the<br>Australian Service Trust | Provision of management services to DLA Piper Australia<br>Queensland Partnership and DLA Piper Australia National<br>Partnership | Australia         |
| DLA Piper Luxembourg SARL  | Provision of legal services   | Luxembourg        |
| DLA Piper Treasury Services Limited                                  | Provision of treasury services  | England and Wales |
| DLA Piper Casablanca SARL  | Provision of legal services   | Morocco           |
| DLA Piper Advisory Services Proprietary Ltd                          | Provision of consultancy services   | South Africa      |
| DLA Piper GSC Poland sp. z.o.o.                                      | Provision of services to the Group  | Poland            |
| DLA Piper International Nominees Limited                             | Provision of nominee services   | England and Wales |
| Noble Street Limited   | Provision of media advisory services  | England and Wales |
| DLA Piper Legal Delivery Centre Limited                              | Provision of legal services to the Group  | England and Wales |
| DLA Piper Ireland Services Ltd                                       | Provision of services to DLA Piper Ireland  | Ireland           |
| DLA Piper Business Advisory Kft                                      | Provision of business advisory services   | Hungary           |
| DLA Piper Investments Limited  | Investment holding company  | England and Wales |
| DLA Piper UK Nominees Limited  | Provision of nominee services   | England and Wales |
| Aldersgate Holding Company Limited                                   | Investment holding company  | England and Wales |
| Aldersgate Funding Limited   | Provision of litigation funding solutions   | England and Wales |
| Beacon.AI Limited  | Provision of artificial intelligence services   | England and Wales |
| Aldersgate DLS Limited   | Provision of financial consultancy services   | England and Wales |
| DLAPC Pty Limited  | Provision of consultancy services   | Australia         |

# DLA Piper International LLP

## Notes to the financial statements

### 26 Subsidiary undertakings (continued)

DLA Piper International LLP, or one of its subsidiary undertakings, holds 100% of the beneficial interest in the equity shares in all company shareholdings.

All subsidiary undertakings have a year end of 30 April other than the following:

DLA Piper Studio Legale Tributario Associato  
DLA Piper Posztl, Nemescsói, Györfi-Tóth and Partners  
DLA Piper Gizinski Kycia Sp.k.  
DLA Piper Dinu SCA  
DLA Piper Japan Services KK  
DLA Piper Services Bucharest SRL  
DLA Piper Ukraine LLC  
DLA Piper Tax Consulting LLC  
DLA Piper Tax SRL  
DLA Piper Tokyo Partnership

These entities have a year end of 31 December; however financial statements to 30 April are prepared for consolidation purposes.

DLA Piper International LLP, or one of its subsidiary undertakings, also holds 100% of the beneficial interest in the equity shares in the following non-trading subsidiaries (incorporated in England and Wales unless stated):

Aldersgate DLS (Reg) Limited  
A.S.B. Nominees Limited  
DLA Limited  
DLA Piper Excepted Scheme Trustee Limited  
DLA Piper Limited  
DLA Piper UK Nominees Limited  
DLA Piper UK Pension Scheme Trustee Limited  
DLA Piper UK Properties Limited  
DLA Piper UK Secretarial Services Limited  
Crawbird Trustees Limited  
Pollen Company Secretary Limited  
Quill Form Limited  
Quill Serve Limited  
Secretar Securities Limited  
Stichting Prioriteit DLA Piper Nederland (Netherlands)

The registered offices of all subsidiaries are presented on pages 65 to 67.

# DLA Piper International LLP

## Notes to the financial statements

### 26 Subsidiary undertakings (continued)

The following subsidiaries, all of which are incorporated in England and Wales are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act: DLA Piper UK Nominees Limited, DLA Piper International Nominees Limited, DLA Piper Investments Limited, Aldersgate Holding Company Limited and Beacon.AI Limited.

### 27 Contingent liabilities

In the normal course of business, the Group may receive claims for alleged negligence. Professional indemnity cover is maintained in respect of professional negligence through both the commercial market and the firm's wholly-owned captive insurance company. The Group's policy with regard to claims is described in the statement of accounting policies. The Group has no contingent liabilities as at 30 April 2020 (30 April 2019: £nil).

### 28 Related party transactions

#### Key management personnel

Key management personnel comprise the senior partner and managing partner, other members of the executive committee, the international practice group heads and the country managing partners. The majority of key management positions maintain significant client responsibilities. The share of profit and salaries awarded to these key management personnel for the year ended 30 April 2020 amounted to £52.0 million (2019: £51.1 million).

#### Group related party transactions

During the year the Group sold services to its joint venture, DLA Piper Kuwait, to the value of £0.4 million (2019: £1.3 million). Services were purchased from the joint venture to the value of £0.5 million (2019: £0.8 million). Cash transfers and settlements of inter office bills were also made by the joint venture to the Group, to the value of £0.0 million (2019: £0.0 million).

In respect of the above services, the amount due from the joint venture to the Group at 30 April 2020 was £nil (2019: £nil million) and the amount due to the joint venture from the Group at 30 April 2020 was £nil million (2019: £0.1 million).

#### LLP related party transactions

There were no transactions between the parent and its subsidiary undertakings, nor any other of the parent's related parties.

# DLA Piper International LLP

## Notes to the financial statements

### 29 Financial instruments and financial risk management objectives and policies

Financial instruments comprise trade and other receivables, amounts due from members, cash and cash equivalents, derivative financial instruments, equity investments, borrowings, finance leases, trade and other payables, amounts owed to former members and property provisions. Financial instruments result in the Group being exposed to liquidity, credit, interest rate and foreign currency risks.

The carrying amount of financial instruments are as follows:

|  | Note | Group        |              | LLP           |               |
|--|------|--------------|--------------|---------------|---------------|
|  |      | 2020<br>£'m  | 2019<br>£'m  | 2020<br>£'000 | 2019<br>£'000 |
| <b>Loans and receivables</b>           |      |              |              |               |               |
| Trade receivables                      | 13   | 361.6        | 357.1        | -             | -             |
| Contract assets                        | 14   | 129.6        | 119.3        | -             | -             |
| Amounts owed by joint venture          | 28   | 0.0          | 0.0          | -             | -             |
| Other receivables                      | 13   | 19.3         | 10.7         | 1             | 1             |
| Loans and other debts due from members | 13   | 112.8        | 93.5         | -             | -             |
| Derivative financial instruments       | 15   | 0.9          | 0.3          | -             | -             |
| Cash and cash equivalents              |      | 59.6         | 38.3         | -             | -             |
| Investments                            | 12   | 0.1          | 0.1          | -             | -             |
| <b>Total financial assets</b>          |      | <b>683.9</b> | <b>619.3</b> | <b>1</b>      | <b>1</b>      |
| <b>Amortised cost</b>                  |      |              |              |               |               |
| Borrowings                             | 18   | 71.0         | 67.2         | -             | -             |
| Finance leases                         | 19   | 405.9        | 0.0          | -             | -             |
| Trade payables                         | 16   | 61.2         | 57.1         | -             | -             |
| Other payables                         | 16   | 41.4         | 25.5         | 9             | 9             |
| Contract liabilities                   | 17   | 12.3         | 10.9         | -             | -             |
| Amounts owed to former members         | 16   | 6.6          | 9.0          | -             | -             |
| Amounts owed to joint venture          | 28   | 0.0          | 1.1          | -             | -             |
| Provision for vacant property          |      | 0.0          | 1.2          | -             | -             |
| <b>Total financial liabilities</b>     |      | <b>598.4</b> | <b>172.0</b> | <b>9</b>      | <b>9</b>      |

# DLA Piper International LLP

## Notes to the financial statements

### 29 Financial instruments and financial risk management objectives and policies (continued)

#### Credit risk and sensitivity analysis

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy clients by performing credit checks and establishing credit limits for new clients. The status of debt collections is monitored monthly by the credit control team, ensuring Group targets are effectively supported.

Trade receivables comprise a large range of clients covering a diverse geographical area. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Group has applied the simplified approach in IFRS 9 to measure the lifetime expected credit loss. An additional review of outstanding invoices as at 30 April 2020 was carried out to address the current and future economic impact of the COVID-19 pandemic. This did not materially impact the credit loss provision. Note 13 discloses the credit risk profile of trade receivables. If the expected credit loss rates had increased by 1%, the total loss allowance on receivables would have been £3.6 million higher (2019: £3.6 million higher).

#### Interest rate risk and sensitivity analysis

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are usually at fixed rates and overdrafts are at variable rates.

Bank borrowings at 30 April are as follows:

|   | 2020<br>£'m | 2019<br>£'m |
|---|-------------|-------------|
| £5.0m at a fixed rate of 2.18% repayable in 35 monthly instalments from March 2019 to January 2022  | 3.0         | 4.6         |
| £2.2m at a fixed rate of 1.78% repayable in 11 monthly instalments from May 2019 to March 2020  | -           | 2.2         |
| £12.5m at a fixed rate of 1.90% repayable on 31 May 2019  | -           | 12.5        |
| £12.5m at a fixed rate of 1.88% repayable on 31 May 2019  | -           | 12.5        |
| £5.0m at a fixed rate of 1.78% repayable on 31 May 2019   | -           | 5.0         |
| £4.3m at a fixed rate of 2.11%, repayable in 11 monthly instalments on 25 May 2019 to 25 March 2020. Final instalment deferred to May 2020. | 0.4         | -           |
| £4.7m at a fixed rate of 1.69%, repayable in 11 monthly instalments from February 2020 to December 2020                                     | 3.4         | -           |
| £10.0m at a fixed rate of 1.25%, repayable on 29 May 2020   | 10.0        | -           |
| £10.0m at a fixed rate of 1.28%, repayable on 6 May 2020  | 10.0        | -           |
| £12.5m at a fixed rate of 1.35%, repayable on 29 May 2020   | 12.5        | -           |
| £12.5m at a fixed rate of 1.41%, repayable on 15 May 2020   | 12.5        | -           |
|   | <b>51.8</b> | <b>36.8</b> |

# DLA Piper International LLP

## Notes to the financial statements

### 29 Financial instruments and financial risk management objectives and policies (continued)

Cash and cash deposits of £59.6 million (2019: £38.3 million) and overdrafts of £19.2 million (2019: £30.4 million) are also exposed to interest rates. Interest is earned and paid predominantly at variable interest rates linked to local bank base rates.

The Group minimises interest rate cash flow risk exposures on cash and overdrafts by utilising a central Group overdraft facility and ensuring that wherever possible any cash available in the Group is utilised to clear down the Group overdraft facility.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments at the balance sheet date and assuming the liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates were 1% higher and all other variables were held constant, the Group's profit and net assets for the year ended 30 April 2020 would have decreased by £0.4 million (2019: £0.1 million).

#### Liquidity risk and sensitivity analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations.

The Group is financed through a combination of members' capital, undistributed profits and borrowing facilities provided by a number of banks.

The total amount of members' capital contributions is proposed to members by the Board, having regard to the requirements of the Group. Individual members' capital contributions are set by reference to equity profit share proportion, or in the case of non-equity members, comprise either a fixed amount or a percentage of profit share, and are repayable, at par, following the member's retirement.

The Group has in place facilities to cover short-term working capital requirements and has a policy of active management and targeting trade receivables and amounts due to be billed to clients, to minimise the level of short-term borrowings. All short-term borrowings are arranged through DLA Piper Treasury Services Limited, a subsidiary undertaking of the LLP.

As at 30 April 2020 the Group has total committed bank facilities of £194.9 million (2019: £172.4 million). An additional £22.5 million bank facility was secured in April 2020 as a precautionary measure against the potential liquidity impact of the COVID-19 pandemic but remains unutilised. At the balance sheet date the Group utilised £71.0 million (2019: £67.2 million) of these facilities.

# DLA Piper International LLP

## Notes to the financial statements

### 29 Financial instruments and financial risk management objectives and policies (continued)

As at 30 April 2020, the contractual maturity of financial liabilities (including interest payments where applicable) was as follows:

|  | 2020         | 2019         |
|--|--------------|--------------|
|  | £'m          | £'m          |
| <b>Maturity of financial liabilities</b>             |              |              |
| In one year or less, or on demand                    | 178.5        | 159.4        |
| In more than one year, but not more than two years   | 1.5          | 3.0          |
| In more than two years, but not more than five years | 0.0          | 0.0          |
|  | <b>180.0</b> | <b>162.4</b> |

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

#### Foreign currency risk and sensitivity analysis

The presentational currency of the Group is Sterling. However, with offices in many different countries, the Group's operations are conducted in various currencies. The principal currencies, other than Sterling, to which the Group's financial assets and liabilities are exposed are the Euro, the US Dollar and the Australian Dollar.

To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant foreign currency exposures that are not expected to be offset by other same-currency transactions.

# DLA Piper International LLP

## Notes to the financial statements

### 29 Financial instruments and financial risk management objectives and policies (continued)

Foreign currency denominated financial assets and liabilities which expose the Group to financial statement currency risk are as follows:

|                              | 2020         | 2019         |
|------------------------------|--------------|--------------|
|                              | £'m          | £'m          |
| <b>Financial assets</b>      |              |              |
| Euros                        | 234.0        | 216.7        |
| US Dollar                    | 127.5        | 120.8        |
| Australian Dollar            | 31.8         | 29.3         |
| Other                        | 60.0         | 47.0         |
|                              | <b>453.3</b> | <b>413.8</b> |
| <b>Financial liabilities</b> |              |              |
| Euros                        | 25.7         | 24.1         |
| US Dollar                    | 3.5          | 1.3          |
| Australian Dollar            | 5.8          | 5.5          |
| Other                        | 14.7         | 17.1         |
|                              | <b>49.7</b>  | <b>48.0</b>  |

If the Euro, Australian Dollar and US Dollar had weakened against all other currencies, the impact on the profit before tax and net assets as a result of retranslating financial assets and liabilities would have been as follows:

|                             | Profit |       | Net assets |       |
|-----------------------------|--------|-------|------------|-------|
|                             | 2020   | 2019  | 2020       | 2019  |
|                             | £'m    | £'m   | £'m        | £'m   |
| Euro 5% weaker              | (0.9)  | (0.4) | (11.5)     | (9.8) |
| US Dollar 5% weaker         | (4.8)  | (4.7) | (6.0)      | (5.7) |
| Australian Dollar 5% weaker | (0.0)  | (0.0) | (1.4)      | (1.2) |

# **DLA Piper International LLP**

## **Notes to the financial statements**

### **30 Subsequent events**

Measures taken by various governments to contain the COVID-19 pandemic continue to affect economic activity after the balance sheet date. Based on experience to date, the Group does not expect the COVID-19 pandemic to have a significant impact on ongoing performance or liquidity. The Group continues to follow the various government policies and advice to continue its operations in the safest way possible for its people and clients.

### **31 Ultimate controlling parties**

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

# DLA Piper International LLP

## Registered Office Listing

### United Kingdom

|   |                       |
|---|-----------------------|
| - DLA Piper UK LLP                            | 160 Aldersgate Street |
| - DLA Piper Asia LLP                          | London                |
| - DLA Piper Europe LLP                        | EC1A 4HT              |
| - DLA Piper Excepted Scheme Trustee Limited   |                       |
| - DLA Piper France LLP                        |                       |
| - DLA Piper International Nominees Limited    |                       |
| - DLA Piper Investments Limited               |                       |
| - DLA Piper Legal Delivery Centre Limited     |                       |
| - DLA Piper Limited                           |                       |
| - DLA Piper Middle East LLP                   |                       |
| - DLA Piper Oman LLP                          |                       |
| - DLA Piper Prague LLP                        |                       |
| - DLA Piper Rus Limited                       |                       |
| - DLA Piper Services LLP                      |                       |
| - DLA Piper Treasury Services Limited         |                       |
| - DLA Piper UK Nominees Limited               |                       |
| - DLA Piper UK Pension Scheme Trustee Limited |                       |
| - DLA Piper UK Properties Limited             |                       |
| - DLA Piper UK Secretarial Services Limited   |                       |
| - Aldersgate DLS Limited                      |                       |
| - Aldersgate DLS (Reg) Limited                |                       |
| - Aldersgate Funding Limited                  |                       |
| - Aldersgate Holding Company Limited          |                       |
| - A.S.B. Nominees Limited                     |                       |
| - Beacon AI Limited                           |                       |
| - Dealmill Limited                            |                       |
| - Dibb Lupton Alsop Limited                   |                       |
| - DLA Limited                                 |                       |
| - Fountain Trustee Limited                    |                       |
| - Noble Street Limited                        |                       |
| - Pollen Company Secretary Limited            |                       |
| - DLA Piper Scotland LLP                      | Collins House         |
| - Bonoscript Limited                          | Rutland Square        |
| - Crawbird Trustee Limited                    | Edinburgh             |
| - Quill Form Limited                          | EH1 2AA               |
| - Quill Serve Limited                         |                       |
| - Secretar Securities Limited                 |                       |

### Australia

|   |   |
|---|---|
| - DLA Piper Australia National Partnership                          | Level 22<br>No.1 Martin Place<br>Sydney<br>NSW 2000 |
| - DLA Piper Australia Queensland Partnership                        | Level 9   |
| - DLAPC Pty Limited   | 480 Queen Street<br>Brisbane<br>QLD 4000            |
| - PF Lawyers Pty Limited as trustee of the Australian Service Trust | Level 22<br>No.1 Martin Place<br>Sydney<br>NSW 2000 |

### Austria

|   |                                     |
|---|-------------------------------------|
| - DLA Piper Weiss-Tessbach Rechtsanwälte GmbH | Schottenring 14<br>A-1010<br>Vienna |
|---|-------------------------------------|

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- Stichting Beheer Derdengelden Advocatuur DLA Piper Nederland  
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- DLA Piper Services Bucharest SRL
- DLA Piper Tax SRL

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