

Baker & McKenzie LLP

Report and Financial Statements

For the Year ended 30 June 2014

TUESDAY



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COMPANIES HOUSE

Baker & McKenzie LLP

**REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2014**

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Baker & McKenzie LLP

**REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2014**

OFFICERS AND PROFESSIONAL ADVISERS

DESIGNATED MEMBERS

H Bradley

T Cassels

M Kurnatowska

P Rawlinson

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

BANKERS

National Westminster Bank plc
Aldwych Branch
London

INDEPENDENT AUDITOR

Deloitte LLP
London

Baker & McKenzie LLP

REPORT AND FINANCIAL STATEMENTS for the year ended 30 June 2014

MEMBERS' REPORT

The members are pleased to present their report and audited financial statements of the group for the year ended 30 June 2014.

PRINCIPAL ACTIVITY

The principal activity of Baker & McKenzie LLP is the provision of legal services in the United Kingdom to clients in the UK and overseas.

GOING CONCERN

Details regarding the adoption of the going concern basis can be found in the Statement of accounting policies described in note 1 in the financial statements.

RESULTS

The results for the year are set out on page 7. The members regard the results and future prospects to be satisfactory.

LEGAL STRUCTURE

Baker & McKenzie LLP, a limited liability partnership registered in England and Wales, was incorporated on 1 February 2005. On 1 October 2010 the employment contracts of all employees of Baker & McKenzie LLP were transferred to Baker & McKenzie Services Limited (which is wholly owned by Baker & McKenzie LLP). From that date Baker & McKenzie Services Limited has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

On 1 September 2013 the employment contracts of certain employees of Baker & McKenzie Services Limited were transferred to Baker & McKenzie Services II LLP. From that date Baker & McKenzie Services II LLP has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

On 5 April 2014 these employment contracts were transferred to Baker & McKenzie Services II. From that date Baker & McKenzie Services II has provided services to Baker & McKenzie LLP under a service agreement between the two entities.

DESIGNATED MEMBERS

The designated members who served during the year, and appointments following the year-end, were as follows:

H Bradley (Appointed 1 September 2013)

T Cassels

M Kurnatowska (Appointed 1 September 2013)

P Rawlinson

G Senior (Resigned 1 July 2013)

P Strivens (Resigned 1 September 2013)

MEMBERS' DRAWINGS AND CAPITAL POLICY

The members are remunerated out of the profits of Baker & McKenzie LLP. Allocation of profits is made on an accounts year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis. During the year the members receive monthly drawings on account of their share of distributable profits, and further distributions are made such that the entire distributable profit is paid to partners within five months of the year end.

No retention for member's personal tax is made. Members are responsible for settling their liabilities personally.

Baker & McKenzie LLP

**REPORT AND FINANCIAL STATEMENTS
for the year ended 30 June 2014**

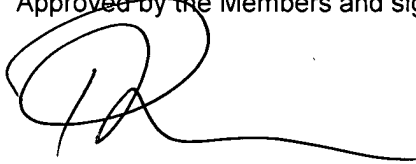
MEMBERS' REPORT (Continued)

An individual member's capital requirement is linked to the member's profit share and the number of years of service and the requirements of the business. Capital is repaid to members on resignation or retirement from Baker & McKenzie LLP.

AUDITOR

Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual Members Meeting.

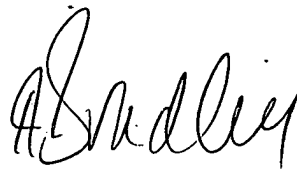
Approved by the Members and signed on their behalf



Designated Member

27 March 2015

P RAWLINSON



Designated Member

27 March 2015

H BRADLEY

Baker & McKenzie LLP

REPORT AND FINANCIAL STATEMENTS for the year ended 30 June 2014

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 Partnership Regulations 2001 made under 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP

We have audited the financial statements of Baker & McKenzie LLP for the year ended 30 June 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated and LLP Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- 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 June 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAKER & MCKENZIE LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; 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.



Peter Saunders (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

27 March 2015

Baker & McKenzie LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2014

	Notes	2014 £000's	2013 £000's
TURNOVER	2	132,996	130,394
Administrative expenses		(92,142)	(83,347)
Other operating income		1,228	1,134
OPERATING PROFIT	3	<u>42,082</u>	<u>48,181</u>
Net interest receivable	5	<u>65</u>	<u>87</u>
PROFIT BEFORE TAXATION		42,147	48,268
Taxation	7	<u>(591)</u>	<u>(610)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	14	<u><u>41,556</u></u>	<u><u>47,658</u></u>

All results relate to continuing activities.

There have been no recognised gains or losses other than the profit for the current and preceding year. Accordingly no statement of total recognised gains and losses is presented.

Baker & McKenzie LLP

**CONSOLIDATED BALANCE SHEET
At 30 June 2014**

	Notes	2014 £000's	2013 £000's
Fixed Assets			
Tangible assets	9	4,729	4,940
Current Assets			
Debtors	10	65,014	65,977
Amounts due from members	14	69,715	59,227
Cash at bank and in hand		3,673	4,623
		138,402	129,827
Creditors: amounts falling due within one year	11	(14,179)	(14,250)
Net Current Assets		124,223	115,577
Total Assets Less Current Liabilities		128,952	120,517
Provisions for liabilities	12	(350)	(500)
Net Assets Attributable to Members		128,602	120,017
Represented by			
Loans and other debt due to members within one year:			
Members' capital classified as a liability under FRS 25	14	11,122	10,439
Equity:			
Other reserves	14	117,480	109,578
Members' Other Interests		128,602	120,017
Total Member Interests			
Members' other interests	14	128,602	120,017
Amounts due from members	14	(69,715)	(59,227)
	14	58,887	60,790

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 27 March 2015.

Signed on behalf of the Members

Designated Member

P RAWLINSON



Designated Member

H BRADLEY

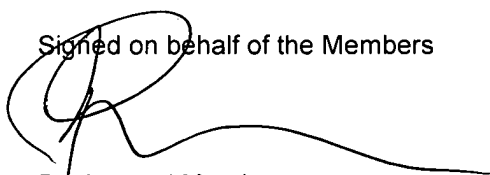
Baker & McKenzie LLP

**LIMITED LIABILITY PARTNERSHIP BALANCE SHEET
At 30 June 2014**

	Notes	2014 £000's	2013 £000's
Fixed Assets			
Tangible assets	9	4,729	4,940
Current Assets			
Debtors	10	60,377	61,344
Amounts due from members	15	68,222	58,708
Cash at bank and in hand		3,398	4,385
		131,997	124,437
Creditors: amounts falling due within one year	11	(11,118)	(9,704)
Net Current Assets		120,879	114,733
Total Assets Less Current Liabilities		125,608	119,673
Provisions for liabilities	12	(350)	(500)
Net Assets Attributable to Members		125,258	119,173
Represented by			
Loans and other debt due to members within one year:			
Members' capital classified as a liability under FRS 25	15	11,122	10,439
Equity:			
Other reserves	15	114,136	108,734
Members' Other Interests		125,258	119,173
Total Member Interests			
Members' other interests	15	125,258	119,173
Amounts due from members	15	(68,222)	(58,708)
	15	57,036	60,465

These financial statements of Baker & McKenzie LLP (Registration No. OC311297) were approved by the Members on 27 March 2015.

Signed on behalf of the Members



Designated Member

P RAWLINSON



Designated Member

H BRADLEY

Baker & McKenzie LLP

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2014

	Notes	2014 £000's	2013 £000's
Net cash inflow from operating activities	18	43,909	45,402
Returns on investments and servicing of finance	19	65	87
Taxation	19	(619)	(697)
Capital expenditure and financial investment	19	(846)	(1,385)
Transactions with members	19	<u>(43,459)</u>	<u>(44,392)</u>
Decrease in cash	20,21	<u><u>(950)</u></u>	<u><u>(985)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships'. The particular accounting policies adopted by the members are described below.

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Going concern

The members have prepared the financial statements on the going concern basis. The LLP's principal activity and policy on members' drawings and capital is set out in the Members' Report on page 2.

The LLP has considerable financial resources. As a consequence, the members believe that the LLP is well placed to manage its business risks successfully despite the current uncertain economic outlook. On this basis, the members are satisfied that the LLP has adequate resources to continue in operational existence for the foreseeable future.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Baker & McKenzie LLP and all of its subsidiary undertakings, Baker & McKenzie Services Limited, Baker & McKenzie Services II LLP and Baker & McKenzie Services II.

Tangible fixed assets

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

Leasehold improvements	10% per annum
Computer equipment	20% - 33.33% per annum
Fixtures and fittings	12.5% - 20% per annum

Turnover

Fee income represents amounts receivable, both billed and unbilled, for services provided in the normal course of business net of VAT and disbursements.

Accrued income

Services provided to clients during the year which, at the balance sheet date have not been invoiced, have been recognised as turnover in accordance with Financial Reporting Standard 5 'Reporting the substance of transactions: Application note G Revenue Recognition'.

Turnover recognised in this manner is based on assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Members' interests

In accordance with Financial Reporting Standard No. 25, Financial Instruments: Disclosure and Presentation, members' interests have been presented as follows:

- classification of members' capital as a financial liability; and
- discretionary profit allocations are classified as a division of profits within members' interests.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Members are personally liable for taxation on their share of the profits of the limited liability partnership. Consequently no reserve for taxation is made in the financial statements in respect of members' tax liabilities, and the profits are shown within Members' Interests or as 'Loans and other debts due to members' without any deduction for tax.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains and losses on translation are included in the profit and loss account.

Provisions

Provision is made on a case by case basis in respect of the cost of defending claims and, where appropriate, the estimated cost to Baker & McKenzie LLP of settling claims. Separate disclosure is not made of any expected insurance recoveries in respect of claims on the grounds that disclosure might seriously prejudice the position of the firm.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Pension costs

Baker & McKenzie LLP operates a defined contribution pension scheme for staff. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Members of Baker & McKenzie LLP are required to make their own provision for pensions.

Allocation of profits

A member's share in the profit or loss for the year is accounted for as an allocation of profits. Unallocated profits and losses are included within 'other reserves'.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

2. TURNOVER

Turnover represents fee income earned from the provision of legal services in the United Kingdom, and is stated net of value added tax.

3. OPERATING PROFIT

	2014 £000's	2013 £000's
Operating profit is stated after charging:		
Depreciation		
- owned assets	1,057	1,034
Rentals under operating leases		
Other operating leases	6,807	6,939
Auditor's remuneration		
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	65	52
Fees payable to the LLP's auditor for other services to the LLP		
- The audit of the LLP's subsidiary entities	13	13
- Other assurance services	25	37
- Tax compliance for the LLP and its members and subsidiary entities	276	266
	<u>276</u>	<u>266</u>

4. STAFF COSTS

	2014 No.	2013 No.
Average number of persons employed during the period excluding members		
Practice	312	315
Support staff	302	289
	<u>614</u>	<u>604</u>
	2014 £000's	2013 £000's
Employee costs during the period amounted to:		
Wages and salaries	40,920	40,136
Redundancy costs	312	200
Social security costs	5,573	5,461
Pension costs	1,691	1,516
	<u>48,496</u>	<u>47,313</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

5. NET INTEREST RECEIVABLE

	2014 £000's	2013 £000's
Interest receivable	65	90
Interest payable	-	(3)
	<u>65</u>	<u>87</u>

6. MEMBERS' SHARE OF PROFITS

Allocation of profits is made on an accounts year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members. All members are required to make their own provision for pensions from their profit shares.

The profit attributable to the member with the largest entitlement to profit was £2,118,000 (2013: £1,348,000).

	2014 No	2013 No
Average number of members during the year	<u>82</u>	<u>82</u>

7. TAXATION

	2014 £000's	2013 £000's
Current tax	<u>591</u>	<u>610</u>
Profit before taxation	42,147	48,268
Less Amounts subject to personal tax	<u>(40,365)</u>	<u>(48,258)</u>
Profits subject to taxation	<u>1,782</u>	<u>10</u>
UK corporation tax of 22.5% (23% to 31 March 2014)	401	2
Tax effect of		
- Transfer pricing adjustment	188	605
- Expenses disallowed for tax purposes	5	5
Over provision in respect of prior year	<u>(3)</u>	<u>(2)</u>
	<u>591</u>	<u>610</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

8. PROFIT ATTRIBUTABLE TO THE LIMITED LIABILITY PARTNERSHIP

The profit for the financial year attributable to the parent undertaking, Baker & McKenzie LLP, was £39,056,000 (2013: £46,834,000)

9. TANGIBLE FIXED ASSETS - CONSOLIDATED AND LIMITED LIABILITY PARTNERSHIP

	Leasehold improvements £000's	Fixtures and fittings £000's	Computer equipment £000's	Total £000's
Cost				
At 1 July 2013	14,474	8,103	4,912	27,489
Additions	59	308	479	846
Disposals	(5,560)	(350)	(186)	(6,096)
	<u>8,973</u>	<u>8,061</u>	<u>5,205</u>	<u>22,239</u>
At 30 June 2014				
Accumulated depreciation				
At 1 July 2013	11,756	7,227	3,566	22,549
Charge for the year	337	194	526	1,057
Disposals	(5,560)	(350)	(186)	(6,096)
	<u>6,533</u>	<u>7,071</u>	<u>3,906</u>	<u>17,510</u>
At 30 June 2014				
Net book value				
At 30 June 2014	<u>2,440</u>	<u>990</u>	<u>1,299</u>	<u>4,729</u>
At 30 June 2013	<u>2,718</u>	<u>876</u>	<u>1,346</u>	<u>4,940</u>

10. DEBTORS

	Consolidated		Limited Liability Partnership	
	2014 £000's	2013 £000's	2014 £000's	2013 £000's
Due within one year:				
Trade debtors	21,813	22,627	21,813	22,627
Amounts recoverable from clients in respect of unbilled work performed	14,499	14,559	14,499	14,559
Amounts due from group undertakings	-	-	978	568
Amounts due from other member firms of the Baker & McKenzie global organisation	23,412	23,436	18,332	19,061
Other debtors	1,885	1,753	1,630	1,526
Prepayments	3,405	3,602	3,125	3,003
	<u>65,014</u>	<u>65,977</u>	<u>60,377</u>	<u>61,344</u>

Baker & McKenzie LLP

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2014

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Limited Liability Partnership	
	2014 £000's	2013 £000's	2014 £000's	2013 £000's
Trade creditors	8,554	6,909	8,177	6,349
Corporation tax	273	301	-	-
Taxation and social security	1,988	2,047	264	448
Accruals and deferred income	2,272	3,391	1,147	1,166
Amounts due to group undertakings	-	-	466	156
Amounts due to other member firms of the Baker & McKenzie global organisation	1,062	1,447	1,063	1,447
Sundry creditors	30	155	1	138
	<u>14,179</u>	<u>14,250</u>	<u>11,118</u>	<u>9,704</u>

12. PROVISIONS FOR LIABILITIES

Consolidated and Limited Liability Partnership

	1 July 2013 £000's	Utilised in the current year £000's	Released in the current year £000's	30 June 2014 £000's
Client claim provisions	<u>500</u>	<u>-</u>	<u>(150)</u>	<u>350</u>

Client claim provisions are the estimated cost of defending and concluding client claims. No separate disclosure is made of the cost of claims covered by insurance, as to do so could seriously prejudice Baker & McKenzie LLP.

13. PRINCIPAL GROUP INVESTMENTS

Baker & McKenzie LLP has an investment in Baker & McKenzie Services Limited at a value of £4.

	Country of incorporation	Principal activity	Holding	%
Baker & McKenzie Services Limited Subsidiary undertaking	UK	Provision of support services	Ordinary Shares	100

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

14. TOTAL MEMBERS' INTERESTS - CONSOLIDATED

	Members' capital £000's	Other reserves £000's	Total £000's	Amounts due from members £000's	Total members' interests £000's
At 1 July 2013	10,439	109,578	120,017	(59,227)	60,790
Profit for the financial year available for discretionary division among members	-	41,556	41,556	-	41,556
Members' interests after profit for the year	10,439	151,134	161,573	(59,227)	102,346
Allocated profits	-	(33,654)	(33,654)	33,654	-
Capital introduced	1,734	-	1,734	-	1,734
Exchange movement on translation of members' capital	(1,051)	-	(1,051)	-	(1,051)
Loans to members	-	-	-	(898)	(898)
Drawings	-	-	-	(43,244)	(43,244)
At 30 June 2014	<u>11,122</u>	<u>117,480</u>	<u>128,602</u>	<u>(69,715)</u>	<u>58,887</u>

15. TOTAL MEMBERS' INTERESTS - LIMITED LIABILITY PARTNERSHIP

	Members' capital £000's	Other reserves £000's	Total £000's	Amounts due from members £000's	Total members' interests £000's
At 1 July 2013	10,439	108,734	119,173	(58,708)	60,465
Profit for the financial year available for discretionary division among members	-	39,056	39,056	-	39,056
Members' interests after profit for the year	10,439	147,790	158,229	(58,708)	99,521
Allocated profits	-	(33,654)	(33,654)	33,654	-
Capital introduced	1,734	-	1,734	-	1,734
Exchange movement on translation of members' capital	(1,051)	-	(1,051)	-	(1,051)
Loans to members	-	-	-	(898)	(898)
Drawings	-	-	-	(42,270)	(42,270)
At 30 June 2014	<u>11,122</u>	<u>114,136</u>	<u>125,258</u>	<u>(68,222)</u>	<u>57,036</u>

Baker & McKenzie LLP's policy on determining the profits to be allocated and distributed to members in respect of a year is based on a cash received and paid basis.

Allocation of profits is made on an accounts year basis, taking account of both the performance of the business as a whole and the individual performance of each member as assessed by a committee of members.

Members' other interests rank after unsecured creditors. Loans and other debts due to members rank pari passu with unsecured creditors in the event of winding up.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

16. OBLIGATIONS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings	
	2014	2013
	£000's	£000's
Leases which expire:		
Less than two years	-	-
Between two and five years	-	-
After five years	6,807	6,807
	<u>6,807</u>	<u>6,807</u>

17. PENSIONS

The limited liability partnership operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the limited liability partnership in an independently administered fund. The pension cost charge represents contributions payable by the limited liability partnership to the fund and amounted to £1,691,000 (2013: £1,516,000).

Amounts due as at 30 June 2014: £142,000 (2013: £129,000).

18. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£000's	£000's
Operating profit	42,082	48,181
Depreciation	1,057	1,034
Decrease /(increase) in debtors	963	(3,482)
Decrease in creditors	(43)	(456)
(Decrease)/Increase in provisions	(150)	125
Net cash inflow from operating activities	<u>43,909</u>	<u>45,402</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

19. ANALYSIS OF CASH FLOWS

	2014 £000's	2013 £000's
Returns on investment and servicing of finance		
Interest received	65	90
Interest paid	-	(3)
	<u>65</u>	<u>87</u>
Taxation		
UK Corporation tax paid	(619)	(697)
	<u>(619)</u>	<u>(697)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(846)	(1,385)
	<u>(846)</u>	<u>(1,385)</u>
Transactions with members		
Payments to members	(43,244)	(45,587)
Capital introduced by members	1,734	1,611
Capital repaid to members	-	(723)
Loans to members	(898)	-
Exchange movement on translation of members' capital	(1,051)	307
	<u>(43,459)</u>	<u>(44,392)</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 July 2013 £000's	Cash flow £000's	30 June 2014 £000's
Cash at bank and in hand	4,623	(950)	3,673
Total	<u>4,623</u>	<u>(950)</u>	<u>3,673</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014 £000's	2013 £000's
Decrease in cash in the year	(950)	(985)
Change in net funds resulting from cash flows	(950)	(985)
Net funds at start of year	4,623	5,608
Net funds at end of year	<u>3,673</u>	<u>4,623</u>

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22. TRANSACTIONS WITH RELATED PARTIES

Baker & McKenzie LLP is a member firm of Baker & McKenzie International, a Swiss Verein. In the opinion of the members Baker & McKenzie LLP is not related with any other member firm of Baker & McKenzie International as defined for the purposes of FRS 8 'Related Party Disclosures'.

Baker & McKenzie LLP has relied upon the exemption given in FRS 8 'Related Party Disclosures' not to disclose transactions between itself and its subsidiary undertakings.

23. CONTINGENT LIABILITIES

Baker & McKenzie International BV ("BMIBV") is the primary financing vehicle for Baker & McKenzie International, a Swiss Verein, and its member firms, including Baker & McKenzie LLP. Each member firm of the Verein has entered into arrangements with BMIBV pursuant to which such entity may borrow funds from BMIBV.

In order to obtain the funds to make loans to the member firms, BMIBV has entered into an arrangement to obtain loans from certain banks.

As part of the arrangements between BMIBV and the banks, Baker & McKenzie LLP has entered into guarantee arrangements with the Banks pursuant to which it has guaranteed a portion of the bank loans equal to its then outstanding loans from BMIBV.

At 30 June 2014 and 30 June 2013 the obligations of Baker & McKenzie LLP under these do not exceed that amount already recognised as payable to BMIBV.