

C L I F F O R D  
C H A N C E

Clifford Chance LLP

# Annual Review 2013

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This year's Annual review is a less comprehensive document than its predecessors. However, you will find that it still includes key financial information on the firm and details of our governance process. While we are a partnership and not a publicly listed or funded entity, we believe that we owe a level of transparency to our staff and our clients. If you would like any further information on anything covered in this report, or have any other queries, then please do not hesitate to contact us on [arfeedback@cliffordchance.com](mailto:arfeedback@cliffordchance.com)

## About Clifford Chance

Clifford Chance is one of the world's pre-eminent law firms with significant depth and range of resources across five continents.

As a single, fully integrated, global partnership, we pride ourselves on our approachable, collegiate and team based way of working. We always strive to exceed the expectations of our clients, which include corporates from all the commercial and industrial sectors, governments, regulators, trade bodies and not for profit organisations. We provide them with the highest quality advice and legal insight, which combines the firm's global standards with in-depth local expertise.

Read more about the firm, our principles and our Corporate responsibility programme at [www.cliffordchance.com](http://www.cliffordchance.com)

### Our principles:

Exceeding clients' expectations  
Local excellence, global standards  
An ambition for success  
Investing in talent  
An adaptable and approachable team  
Thinking ahead  
Strength through diversity  
Community

# Firm at a glance

## Clifford Chance

£1,271m

in revenues

37

of our clients work with us in 20 or more offices

3,400

legal advisers

60%

of Fortune 500 companies are clients

## International expansion

New office in [Seoul, Republic of Korea](#)

Groundbreaking arrangements to offer new legal services announced in [Saudi Arabia](#) and [Singapore](#)



“Clifford Chance’s continued international expansion and involvement in cutting edge deals and cases has earned it this much coveted title of International Law Firm of the Year.”

Chambers Global Awards 2013

## Notable mandates advising

The banks in relation to [Glencore’s](#) US\$44 billion merger with Xstrata

[Pfizer](#) on the US\$22 billion IPO of Zoetis

[Anheuser Busch InBev](#) on the bank financing of its US\$20 billion acquisition of Grupo Modelo

The [Supreme Committee for Qatar 2022](#) on the FIFA World Cup projects

[SAREB](#) on the divestment of €66 billion of assets

## Major awards

Chambers Global International Law Firm of the Year

Chambers Law Firm of the Year for Europe, the Middle East, Belgium, China, France, Singapore and Russia

IFLR Asia International Law Firm of the Year

IFLR Financial Regulation Team of the Year

Latin Lawyer Deal of the Year



Review of progress for year ended 30 April 2013

# Looking to the future

Clifford Chance Managing Partner, David Childs and Senior Partner, Malcolm Sweeting consider the firm's progress and give their perspective on what lies ahead.



**David Childs**  
Managing Partner

Clifford Chance has always been an ambitious firm. While we always strive to excel in all aspects of what we do today, we are resolutely focused on building a firm that will still lead the legal market 15, 20 and more – years into the future.

To achieve this, we constantly develop our understanding of our clients and the world in which they operate. This means we must be abreast of today's regulatory developments and assess how broader economic and political trends might shape the regulatory landscape of tomorrow; we must invest in our people, their expertise and the spread of our capabilities; and we must ensure that how we deliver our services and how we work as an organisation keeps pace with – or is ahead of – changing expectations and standards.

## Expanding our footprint

Given this context, last year again saw Clifford Chance make good strategic progress. Our moves to broaden our service offer in Singapore through a Formal Law Alliance with Cavenagh Law, to establish our own partnership in Saudi Arabia and to open in the Republic of Korea bring us yet closer to our clients and further enhance the strong local insights that guide our advice. They also make us even more important players in the legal industry in those markets, as we create high-quality career opportunities for the best local lawyers.

This type of investment in growth markets has long been a hallmark of Clifford Chance. We have had offices in the Middle East since 1975, in Asia since 1980 and we have been working for clients across Africa and Latin America for well over 30 years. We continue to build on our existing strong profile in these markets, extending the range and depth of our services.

## Deepening capability

While geographic coverage is important, it must be accompanied by a strong understanding of the type of advice that clients want from us.

We worked for well over half of the Fortune 500 last year. These large, complex, multinational organisations increasingly look to us for counsel that is based on deep expertise and experience across jurisdictions and legal areas, and that is underpinned by a strong commercial understanding of their business and their sector. The breadth of our capability, paired with the quality of our advice, continues to win us places acting for the world's leading organisations on their most strategically and commercially critical matters – whether market-changing transactions or major pieces of corporate litigation.



**Malcolm Sweeting**  
Senior Partner

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## Review of progress for year ended 30 April 2013 continued

### Solid results in difficult global markets

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However, even the most cursory review of last year's news headlines indicates that we continued to live in difficult and uncertain times: wide-reaching austerity programmes in much of Europe, the continued concerns about the Eurozone, fears of stalled Chinese growth and the US 'fiscal cliff'...

The economic and political backdrop sucked much-needed confidence from the markets and corporate activity levels were depressed globally: M&A value was, year on year, down by 10 per cent in the first quarter of 2013 – the lowest for a decade.

In this environment, we were pleased to have held our revenues broadly at the previous year's levels when revenues grew by seven per cent.

Our performance also reflects the trust that our clients have placed in us, as they have increasingly found themselves under pressure.

### A focus on efficiency

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Some years ago we identified that a leadership position in our market would not depend just on the breadth and depth of our offering but also on our ability to work efficiently and with no compromise on our extremely high quality standards. As a result, we began to look at how we could manage costs and maximise value. Over the past six years, our offshore centre in India has gone from strength to strength – 18 per cent of our non-secretarial business service staff in functions such as Finance, HR, IT, research and administration are now based in New Delhi and our Knowledge Centre for Transaction and Case Support – one of the first of its kind in our industry – regularly provides support to 26 of our global offices, with the 60 consultants there advising our teams on some 1,300 client matters last year.

This focus on efficiency is complemented by more recent investments in Continuous Improvement, a methodology more generally associated with the manufacturing sector. Using this methodology, we consider how we can simplify and streamline legal processes, for example, due diligence on M&A and capital market transactions, and make them more effective. We have now completed some 40 Continuous Improvement projects around the firm and have another 40 underway. And we are making this way of thinking integral to how we work, with a major training programme which will have been rolled out to almost 700 of our lawyers by the end of this financial year.

### Looking ahead

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These investments are important to our firm. In the face of prolonged uncertainty and instability in the global markets, where improvement in corporate activity levels are far from guaranteed, it is this clear focus on our clients and how we support them that will secure our continued success. Our thanks therefore go to our many clients who work with us so closely – sharing insights and developing knowledge; as well as to the over 6,000 people across our global firm who make us what we are today and who are helping us build the Clifford Chance of tomorrow.

**Malcolm Sweeting**  
Senior Partner

**David Childs**  
Managing Partner

## Governance

# Our approach to governance

In securing our long-term future, we believe a robust approach to governance is as important as a clear strategy. As a single lockstep partnership we base our governance around strong oversight of decision-making, a considered approach to risk, and transparency about our business performance.

## Principles

Our Principles set the tone for how we do business and pursue our strategy.

## Strategy

Our strategy – and progress against it at regional, practice, sector and client-level – is subject to regular, detailed review by the firm's Management Committee. The Partnership Council also considers key strategic areas and reviews Management's performance in leading strategic change. These reviews are made available to the full partnership.

## Finances

Monthly updates on the firm's finances are made available to all partners, complemented by a series of conference calls where firmwide budgets and financial performance are discussed in detail. The firm's finances are subject to review by an Audit Committee which includes a member from outside the firm to provide an independent perspective.

## Partner performance

All partners are subject to mandatory annual appraisals which review their individual contribution against a wide range of criteria including the development of our work for clients, our people and our knowledge, as well as support for our CR initiatives. We have clear processes for partners who need to improve their performance or practice, including appeal to the firm's Partnership Council if there are concerns about how performance is being managed.

## Partner recruitment and remuneration

The processes around partner recruitment and promotion are transparent to the partnership. So is remuneration. Equity partners are paid a proportion of the firm's profits according to their position on the lockstep. As our equity partners are the owners of the firm as well as executives, their compensation reflects their 'shareholder' dividend as well as pay. Equity partners do not receive options or incentives of any sort and no equity partner has any guaranteed earnings.

## Risk management and compliance

We take a sophisticated approach to risk management and compliance. Experts in our clearance centres assess all new clients and matters. We have robust conflict management processes and manage risk proactively: a full annual review of the key risks facing the firm ensures that appropriate mitigation is in place. Our risk approach is reviewed annually by the Audit Committee.

## Financial performance

# How we performed

## Financial information

The summary financial information below is based upon the audited statutory consolidated financial statements of Clifford Chance LLP, which are prepared in accordance with International Financial Reporting Standards (IFRS). Further information regarding the financial performance of the firm can be found in the related [press release](#).

### Revenue by region was as follows:

	2013 £m	2012 £m
Americas	144	144
Asia Pacific	179	185
Continental Europe	467	492
Middle East	38	39
United Kingdom	443	443
	<b>1,271</b>	<b>1,303</b>

### Consolidated income statement

Year ended 30 April	2013 £m	2012 £m
<b>Revenue</b>	<b>1,271</b>	<b>1,303</b>
<b>Expenditure</b>		
Staff and related costs	(558)	(566)
Other operating costs	(320)	(305)
	(878)	(871)
<b>Profit from operations</b>	<b>393</b>	<b>432</b>
Investment income	1	1
Financing costs	(7)	(10)
<b>Profit before tax for the financial year before members' remuneration and profit shares</b>	<b>387</b>	<b>423</b>
Members' remuneration charged as an expense	(52)	(28)
<b>Profit before tax for the financial year available for profit share among members</b>	<b>335</b>	<b>395</b>
Taxation	(13)	(13)
<b>Profit for the financial year available for profit share among members</b>	<b>322</b>	<b>382</b>

### Consolidated balance sheet

As at 30 April	2013 £m	2012 £m
<b>Assets</b>		
Property, plant and equipment	45	45
Intangible assets	12	17
<b>Total non-current assets</b>	<b>57</b>	<b>62</b>
Accrued income	224	207
Receivables	426	397
Amounts due from members	60	64
Cash at bank and in hand	103	120
<b>Total current assets</b>	<b>813</b>	<b>788</b>
<b>Total assets</b>	<b>870</b>	<b>850</b>
<b>Liabilities</b>		
Payables	273	255
Provisions	20	23
<b>Total current liabilities</b>	<b>293</b>	<b>278</b>
Long-term payables	43	40
Provisions	315	234
<b>Total non-current liabilities</b>	<b>358</b>	<b>274</b>
<b>Total liabilities excluding members' interests classified as liabilities</b>	<b>651</b>	<b>552</b>
<b>Net assets attributable to members</b>	<b>219</b>	<b>298</b>
<b>Represented by:</b>		
Provisions for annuities due to current members	121	97
<b>Members' capital and reserves</b>		
Members' capital	173	169
Reserves	(75)	32
	<b>98</b>	<b>201</b>
	<b>219</b>	<b>298</b>

## Financial performance continued

**Consolidated cash flow statement**

Year ended 30 April	2013 £m	2012 £m
<b>Net cash from operating activities</b>	<b>375</b>	<b>377</b>
<b>Investing activities</b>		
Investment income received	1	1
Purchase of tangible fixed assets	(19)	(12)
<b>Net cash used in investing activities</b>	<b>(18)</b>	<b>(11)</b>
<b>Transactions with members</b>		
Drawings, distributions and remuneration of members	(381)	(318)
Capital net contributions by members	4	9
<b>Net cash paid to members</b>	<b>(377)</b>	<b>(309)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20)</b>	<b>57</b>
Cash and cash equivalents at beginning of year	120	65
Effects of foreign exchange rate changes	3	(2)
<b>Cash and cash equivalents at end of year</b>	<b>103</b>	<b>120</b>

**Profit attributable to equity partners**

Year ended 30 April	2013 £m	2012 £m
<b>Profit before tax for the financial year before members' remuneration and profit shares on the basis of IFRS</b>	<b>387</b>	<b>423</b>
Adjustments for partnership structure and accounting policies	17	8
<b>Amounts payable to equity partners and annuitants before tax</b>	<b>404</b>	<b>431</b>

The profit on the basis of IFRS is attributable to those partners of the firm who are members of Clifford Chance LLP. However, certain members of Clifford Chance LLP are not equity partners in the firm and certain equity partners of Clifford Chance LLP are not members of it.

In addition, the profit on the basis of IFRS is determined in accordance with accounting policies which differ from those applicable under the partnership agreement. The principal differences relate to the accounting treatment of annuities, pension schemes and property leases.

Accordingly, in order to arrive at the amounts payable to equity partners and annuitants before tax, adjustments are made to the IFRS profit to reflect the equity partnership structure instead of the membership structure and to reflect the differences between the accounting policies applicable under the partnership agreement and IFRS.

The average number of equity partners during the year was 411 (2012: 400). The average profit per equity partner based on the profit before tax for the financial year attributable to equity partners and annuitants amounts to £1.0 million (2012: £1.1 million).

**Statutory accounts**

The financial information included in this statement does not constitute the statutory accounts of Clifford Chance LLP within the meaning of the Companies Act 2006. Statutory accounts for the financial year ended 30 April 2012 have been delivered to the Registrar of Companies. Statutory accounts for the financial year ended 30 April 2013 have not yet been delivered to the Registrar of Companies. The auditors have reported on the accounts for both such financial years; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006, as applicable to limited liability partnerships.



# Our **global** office network



Visit [www.cliffordchance.com](http://www.cliffordchance.com) for all our office contact details

**Australia**  
Perth  
Sydney

**Belgium**  
Brussels

**Brazil**  
São Paulo

**Czech Republic**  
Prague

**France**  
Paris

**Germany**  
Düsseldorf  
Frankfurt  
Munich

**Grand-Duché de Luxembourg**  
Luxembourg

**Hong Kong SAR**  
Hong Kong

**Italy**  
Milan  
Rome

**Japan**  
Tokyo

**Morocco**  
Casablanca

**The Netherlands**  
Amsterdam

**People's Republic of China**  
Beijing  
Shanghai

**Poland**  
Warsaw

**Qatar**  
Doha

**Republic of Korea**  
Seoul

**Romania**  
Bucharest

**Russia**  
Moscow

**Kingdom of Saudi Arabia**  
Riyadh\*

**Singapore**  
Singapore

**Spain**  
Barcelona  
Madrid

**Thailand**  
Bangkok

**Turkey**  
Istanbul

**Ukraine**  
Kyiv

**United Arab Emirates**  
Abu Dhabi  
Dubai

**United Kingdom**  
London (Upper Bank Street  
and Coleman Street)

**US**  
New York  
Washington, DC

\*Clifford Chance has a co-operation agreement with Al-Jadaan & Partners in Riyadh.