



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

# Annual Review 2015

Clifford Chance LLP  
Annual Review 2015

## Our vision

# We will be the global law firm of choice for the world's leading businesses of today and tomorrow.

We always strive to exceed the expectations of our clients, whether from business, government or the not-for-profit sector, providing the highest-quality service and legal insight.

We pride ourselves on our approachable, collegial and team-based culture, and the commitments we make to our people and to the wider world.

## Firm overview

3,400

lawyers\*

6,200

colleagues\*

36

offices in 26 countries

No.1

in Chambers  
Global Top 30

37

clients worked with us in  
20 or more offices

£1,350m

in annual  
revenues

\* Financial year 2014/15 and on an FTE basis

# Introduction from Matthew Layton

We enjoyed an encouraging financial performance in 2014/15 as we continue to embed our strategy to be the law firm of choice for the world's leading businesses of today and tomorrow.

Our global revenues for the year of £1,350 million (US\$2,160 million, €1,742 million), representing underlying 3% annual growth, were our second highest ever. And it was particularly heartening to see underlying growth across all regions, highlighting the strength of our international and cross-border capabilities.

To illustrate, of our leading 50 clients, 37 worked with at least 20 of our offices globally last year, and 46 of the 50 worked across all of our practice areas. It is this combination of our broad global reach

allied to deep practice expertise that is so highly valued by our clients.

Our leadership groups are applying real clarity to decision making, while ensuring we work collaboratively and efficiently across the entire firm to deliver the world-class client service that is critical to our success.

Underpinning that world-class service is a need to embrace change and identify innovative ways of working and deliver extra value to clients. Bas Boris Visser, our

partner for innovation and business change, is leading the initiative, working closely with Caroline Firstbrook, who joined the firm as COO in February this year. Innovation promises to be a key differentiator for our clients. We will be building on our existing strengths and proud heritage as we progress this area of our strategy, ensuring that we deploy the best skills, expertise and experience to create value and deliver successful outcomes for our clients.



**Matthew Layton**, managing partner

# Putting clients at the heart of our strategy

The relationships we enjoy with our clients represent an investment of trust by them in the firm to deliver a world-class experience. To continue to justify that trust we have set out our strategy to be the global law firm of choice for the world's leading businesses of today and tomorrow.

This strategy puts our clients at the centre of our thinking. This means understanding their business and its associated risks in the same way that they do, finding the answers to the increasingly complex business challenges they are likely to face in the future, and considering how we can create extra value while being mindful of the need to continue to deliver efficiencies.

We have consulted with our clients about what is important to them and their expectations of us. We are looking at the opportunities that exist, such as new technologies, innovation, increasingly flexible models of service and potential collaboration with other legal providers, and how we can marry these to our existing

strengths to create a level of service that is cost-effective, efficient and world-class.

A key element of the strategy is having a strong presence in the markets that are most important to our clients, not just today, but in markets that are likely to be key to their future growth.

We will seek to advise clients on issues that are complex, strategic and reputational because these are the ones where our strengths and thought leadership can make the greatest difference. The firm will develop its capabilities in areas such as risk, cyber security, antitrust and the changing regulatory landscape because we know these are increasingly critical to our clients.

The firm has recognised expertise across a broad range of sectors and a global reach that is second to none.

We are committed to creating a diverse and inclusive workplace that brings the very best from the Clifford Chance team in delivering great client service.

The strategy recognises that we must be unceasing in our drive to improve to continually enhance the service that our clients experience. By doing so, Clifford Chance will be the law firm of choice for the world's leading businesses of today and tomorrow.

“ The firm has recognised expertise across a broad range of sectors and a global reach that is second to none.”

# How we manage our firm

We are a single global profit-pool, lockstep partnership. Our ambition is to work collaboratively across geographies, practices, product areas and sectors to deliver the best advice and support to our clients and to create a dynamic, rewarding, collegial environment for our people. Our governance aims to support this ambition.

The Executive Leadership Group, chaired by the firm's managing partner, sets the firm's strategy and oversees its implementation. The effectiveness of the Executive Leadership Group is reviewed by the Partnership Council, led by the firm's senior partner.

The firm's constitution is governed by our Partnership Agreement. This requires that certain issues are subject to a vote of partners, including the election of the managing partner, the senior partner and the Partnership Council. Partners also vote on the admission of new partners, mergers or acquisitions and other major investments, and changes to the Partnership Agreement itself. Each partner has a single vote, although on certain matters (such as the arrangements for remuneration of equity partners) only equity partners are entitled to vote.

### Governance and managing risk

The Executive Leadership Group, which replaced our Senior Management Committee on 1 September 2014, is chaired by the managing partner and its members represent the breadth of the firm's services across geographies, as well as senior representatives leading on legal issues, risk, talent, finances and operational execution.

The Executive Leadership Group meets regularly in person and is responsible for our strategy, the development of our competitive position, our relationship with clients, mid- and long-term business planning, the performance of the various parts of the firm, and its financial management.

### Partnership Council

The Partnership Council is an elected body, chaired by the senior partner and currently comprising six other elected members and one external member to provide an independent perspective.

The Partnership Council meets regularly in person to review the effectiveness of the firm's leadership and management. The Council also ensures that appointments to leadership roles are handled effectively and with due regard to the interests of the partnership.

### Risk management and compliance

This is the responsibility of the firm's general counsel, who reports to the managing partner and Executive Leadership Group. The general counsel's remit covers conflict management, client acceptance, risk management, compliance, insurance and regulatory or legal issues facing the firm.

We take a sophisticated approach to risk management and compliance, often setting the standard for our industry. The central team coordinates closely with the managing partners of the firm's offices globally, and others with compliance responsibility around the firm.

Experts in our clearance centres assess all new clients and matters. We have robust conflict management processes. Conflict laws and regulations vary from country to country; our approach is to apply the rules of the country where the work is to be done. On multijurisdictional work, we apply the rules of the country where they are most restrictive.

We seek to manage risk proactively: a full annual review of the key risks facing the firm seeks to ensure that appropriate mitigation is in place. Our risk approach is reviewed annually by the Audit and Risk Committee.

### Financial management

Clifford Chance is a UK Limited Liability Partnership. Every year, we publish on our website summary financial information based on the audited statutory consolidated financial statements of Clifford Chance LLP, prepared in accordance with International Financial Reporting Standards.



# Governance

Monthly updates on the firm's finances at an office and practice area level are made available to all partners, complemented by a series of conference calls where budgets and financial performance are discussed in detail.

The firm's finances are subject to review by the Audit and Risk Committee.

## Audit and Risk Committee

The Audit and Risk Committee has six members, including one from outside the firm to provide an independent perspective.

The Committee reviews and approves the firm's accounts and recommends which firm should be appointed as auditors. It also monitors the firm's risk management processes. It reports to the Partnership Council.

## Partner promotions, recruitment, performance management and remuneration

The processes around partner promotion and recruitment are robust and transparent to the partnership. The Partner Selection Group assesses the personal qualities of all candidates to ensure they meet the high professional standards we expect of our partners. The Partner Selection Group reports to the Partnership Council.

The firm has an annual Partner Appraisal process, where each partner has an opportunity to review their contribution, the strategy of their practice and their team, and their wider roles within the firm. The process includes discussion of client

reviews and feedback, peer feedback and upward feedback and contribution is assessed against a range of criteria relevant to the firm's mid- to long-term ambitions. The firm has express processes for partners who need to improve their performance or practice, including appeal to the Partnership Council if there are any concerns about how performance is being managed.

Partner remuneration is transparent to the partnership. Equity partners are paid a proportion of the firm's global 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.

## Executive Leadership Group members

Managing Partner	Matthew Layton
Executive Partner and General Counsel	Chris Perrin
Global Head of People and Talent	Laura King
Chief Financial Officer	Stephen Purse
Chief Operating Officer	Caroline Firstbrook
Global Business Unit (GBU) leader:	Rob Lee
Financial Markets	
GBU leader: M&A and	Guy Norman
Corporate Transactions/Advisory	
GBU leader: Risk Management,	Jeremy Sandelson
Litigation & Dispute Resolution	
Regional Managing Partner: Americas	Evan Cohen
Regional Managing Partner: Asia Pacific	Peter Charlton
Regional Managing Partner:	Yves Wehrli
Continental Europe	
Regional Managing Partner: Germany	Peter Dieners

## Partnership Council members

Jane Barker, external member  
Katherine Coates  
Simon Davis  
Giuseppe De Palma  
Barbara Mayer-Trautmann  
Kate McCarthy  
Malcolm Sweeting, Senior Partner  
Tim Wang

# How we performed

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:

	2015 £m	2014 £m
Americas	156	152
Asia Pacific	205	195
Continental Europe	469	503
Middle East	43	40
United Kingdom	477	469
	<b>1,350</b>	<b>1,359</b>

## Consolidated income statement

Year ended 30 April	2015 £m	2014 £m
<b>Revenue</b>	<b>1,350</b>	<b>1,359</b>
<b>Operating costs</b>		
Staff and related costs	(598)	(588)
Other operating costs	(340)	(359)
	(938)	(947)
<b>Operating profit</b>	<b>412</b>	<b>412</b>
Financing costs	(13)	(12)
<b>Profit before tax for the financial year before members' remuneration and profit shares</b>	<b>399</b>	<b>400</b>
Members' remuneration charged as an expense	(25)	(13)
<b>Profit before tax for the financial year available for profit share among members</b>	<b>374</b>	<b>387</b>
Taxation	(11)	(10)
<b>Profit for the financial year available for profit share among members</b>	<b>363</b>	<b>377</b>

## Consolidated balance sheet

As at 30 April	2015 £m	2014 £m
<b>Assets</b>		
Property plant and equipment	38	39
Intangible assets	2	7
Deferred tax asset	8	–
<b>Total non-current assets</b>	<b>48</b>	<b>46</b>
Accrued income	228	227
Receivables	442	430
Amounts due from members	42	70
Cash at bank and in hand	127	110
<b>Total current assets</b>	<b>839</b>	<b>837</b>
<b>Total assets</b>	<b>887</b>	<b>883</b>
<b>Liabilities excluding members' interests classified as liabilities</b>		
Trade and other payables	290	279
Provisions	22	22
<b>Current liabilities</b>	<b>312</b>	<b>301</b>
Long term payables	38	43
Provisions	439	365
<b>Non-current liabilities</b>	<b>477</b>	<b>408</b>
<b>Total liabilities excluding members' interests classified as liabilities</b>	<b>789</b>	<b>709</b>
<b>Net assets attributable to members</b>	<b>98</b>	<b>174</b>
<b>Represented by:</b>		
<b>Loans and other debts due to members:</b>		
<b>Provisions for annuities due to current members</b>	<b>113</b>	<b>112</b>
<b>Members' capital and reserves</b>		
Members' capital	168	168
Reserves	(183)	(106)
	<b>(15)</b>	<b>62</b>
	<b>98</b>	<b>174</b>

## Consolidated cash flow statement

Year ended 30 April	2015 £m	2014 £m
<b>Net cash generated from operating activities</b>	<b>418</b>	<b>423</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(12)	(11)
Proceeds from sale of plant and equipment	1	–
<b>Net cash used in investing activities</b>	<b>(11)</b>	<b>(11)</b>
<b>Cash flows from financing activities</b>		
Drawings, distributions and remuneration of members	(388)	(394)
Capital net repayments to members	–	(5)
<b>Net cash used in financing activities</b>	<b>(388)</b>	<b>(399)</b>
<b>Net increase in cash and cash equivalents</b>	<b>19</b>	<b>13</b>
Cash and cash equivalents at beginning of year	110	103
Effects of foreign exchange rate changes	(2)	(6)
<b>Cash and cash equivalents at end of year</b>	<b>127</b>	<b>110</b>

## Profit attributable to equity partners

Year ended 30 April	2015 £m	2014 £m
<b>Profit before tax for the financial year before members' remuneration and profit shares on the basis of IFRS</b>	<b>399</b>	<b>400</b>
Adjustments for partnership structure and accounting policies	51	59
<b>Amounts payable to equity partners and annuitants before tax</b>	<b>450</b>	<b>459</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 403 (2014: 401). The average profit per equity partner based on the profit before tax for the financial year attributable to equity partners excluding annuities amounts to £1.12 million (2014: £1.14 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 2014 have been delivered to the Registrar of Companies. Statutory accounts for the financial year ended 30 April 2015 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.



# CLIFFORD CHANCE

## Our global office network



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<b>Australia</b> Perth Sydney	<b>Hong Kong SAR</b> Hong Kong	<b>Poland</b> Warsaw	<b>Spain</b> Barcelona Madrid
<b>Belgium</b> Brussels	<b>Indonesia</b> Jakarta*	<b>Qatar</b> Doha	<b>Thailand</b> Bangkok
<b>Brazil</b> São Paulo	<b>Italy</b> Milan Rome	<b>Republic of Korea</b> Seoul	<b>Turkey</b> Istanbul
<b>Czech Republic</b> Prague	<b>Japan</b> Tokyo	<b>Romania</b> Bucharest	<b>Ukraine</b> Kyiv
<b>France</b> Paris	<b>Morocco</b> Casablanca	<b>Russia</b> Moscow	<b>United Arab Emirates</b> Abu Dhabi Dubai
<b>Germany</b> Düsseldorf Frankfurt Munich	<b>The Netherlands</b> Amsterdam	<b>Kingdom of Saudi Arabia</b> Riyadh	<b>United Kingdom</b> London
<b>Grand-Duche de Luxemboug</b> Luxembourg	<b>People's Republic of China</b> Beijing Shanghai	<b>Singapore</b> Singapore	<b>US</b> New York Washington, D.C.

\* Linda Widyati & Partners in association with Clifford Chance.

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