

Registered Number: OC395239

ALLEN & OVERY (SOUTH AFRICA) LLP

Annual Report and Financial Statements

For the year ended 30 April 2019



**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019**

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**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**DESIGNATED MEMBERS AND ADVISERS**  
**FOR THE YEAR ENDED 30 APRIL 2019**

**Designated members**

W M G C Dejonghe  
M G Duncan

**Registered office**

One Bishops Square  
London  
E1 6AD

**Bankers**

ABSA Bank Limited  
7th Floor  
Barclays Towers West  
15 Troye Street  
Johannesburg

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

**Registered Number**

OC395239

**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**REPORT OF THE MEMBERS OF ALLEN & OVERY (SOUTH AFRICA) LLP**  
**FOR THE YEAR ENDED 30 APRIL 2019**

The members present their annual report and the audited financial statements for the year ended 30 April 2019.

**Principal activities**

Allen & Overy (South Africa) LLP (the **LLP**) was incorporated for the purpose of providing non-South African regulated legal services in South Africa or elsewhere.

**Results for the year and allocation to members**

The result for the year ended 30 April 2019 is set out in the Income Statement on page 8 and Statement of Financial Position on page 9.

**Members**

The following were members during the year and up to the date of signing the financial statements:

W M G C Dejonghe	A Member	
M G Duncan	A Member	
A M Ballheimer	B Member	
L M L B Botha	B Member	
K Fazel	B Member	(resigned 30 September 2019)
S G V Hill	B Member	
J D J Hitchin	B Member	
T J House	B Member	
G Rudolph	B Member	
K E Seward	B Member	
L Shawe	B Member	
J P Van Der Poel	B Member	(resigned 30 May 2019)
K Wong	B Member	
A J Colegrave	C Member	
K Daniels	C Member	
N Grootes	C Member	
A B Leuta	C Member	
L L Mthembu	C Member	
C Venter	C Member	
M S Zungu	C Member	

W M G C Dejonghe and M G Duncan are designated members for the purposes of section 8 of the Limited Liability Partnerships Act 2000.

All A and B members of the LLP are also members of Allen & Overy LLP. C members are not members of Allen & Overy LLP.

**Policy with respect to members' drawings and subscription and repayment of members' capital**

Each of the members is entitled to a distributable profit share as agreed with the LLP. Losses will be borne by the LLP and will not be debited to individual members but to the Negative Reserve, as defined in the LLP's restated Member's Agreement dated 30 April 2015.

**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**REPORT OF THE MEMBERS OF ALLEN & OVERY (SOUTH AFRICA) LLP**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**Policy with respect to members' drawings and subscription and repayment of members' capital (continued)**

Each of the A, B and C members may be required to make a capital contribution as agreed with the LLP. Members do not receive any interest on their capital contributions or any remuneration other than their share of the profits.

Capital is repayable (where contributed) to the members after they cease to be members of the LLP.

**Review of activities and future outlook**

The members consider that the LLP's level of business and the year end financial position were satisfactory and that the level of activity will be maintained in the foreseeable future.

The LLP's ultimate parent and controlling party is Allen & Overy LLP. Allen & Overy LLP is the parent undertaking of the smallest and largest group to which this LLP belongs and for which group financial statements are prepared.

**Statement of members' responsibilities in respect of these Financial Statements**

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

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, as amended (the **Regulations**) requires the members to prepare financial statements for each financial year. Under that law the members have prepared the LLP's financial statements in accordance with applicable law and United Kingdom Accounting Standards (**UK GAAP**), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (**FRS 101**).

Pursuant to the Regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions, disclose with reasonable accuracy at any time the financial position of the LLP and to enable the members to ensure that the financial statements comply with the Companies Act 2006 (the **Act**) as applied by the Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE MEMBERS OF ALLEN & OVERY (SOUTH AFRICA) LLP  
FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**Going concern**

The members believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent entity, Allen & Overy LLP.

**Key performance indicators**

Given the straightforward nature of the business and its principal activities, the members are of the opinion that analysis using detailed key performance indicators is not necessary for a full understanding of the development, performance or position of the LLP.

Profit for the year has increased by 16% to ZAR 56,646,611 however the average profit per member during the year has reduced to ZAR 2,832,331 from ZAR 3,048,918.

**Financial risk management**

The financial risks are borne and managed by Allen & Overy LLP and are disclosed in the publicly available financial statements of Allen & Overy LLP.

**Disclosure of information to auditors**

Each of the persons who is a member at the date of approval of this report confirms that:

- so far as the member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- the member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

The independent auditor, PricewaterhouseCoopers LLP, has indicated its willingness to be reappointed.

**Approval**

Approved by the members on 20 November and signed on their behalf by W M G C Dejonghe:



**W M G C Dejonghe**  
Designated Member  
20 November 2019

## ***Independent auditors' report to the members of Allen & Overy (South Africa) LLP***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Allen & Overy (South Africa) LLP's financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 April 2019; the Income Statement, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We remained independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the 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 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the limited liability partnership's trade, customers, suppliers and the wider economy.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

## ***Independent auditors' report to the members of Allen & Overy (South Africa) LLP (continued)***

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### **Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the members for the financial statements*

As explained more fully in the Statement of members' responsibilities in respect of these financial statements set out on page 3, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the 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 limited liability partnership or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

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

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 auditors' report.

#### *Use of this report*

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



ALLEN & OVERY (SOUTH AFRICA) LLP  
REGISTERED NUMBER: OC395239

***Independent auditors' report to the members of Allen  
& Overy (South Africa) LLP (continued)***



Brenda Heenan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
22 November 2019

**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2019**

	<b>Note</b>	<b>2019 ZAR</b>	<b>2018 ZAR</b>
<b>Revenue</b>	5	251,794,714	245,742,535
Cost of services		(46,073,842)	(64,828,970)
<b>Gross profit</b>		<u>205,720,872</u>	<u>180,913,565</u>
Administrative expenses		(118,612,183)	(110,645,611)
<b>Operating profit</b>	6	87,108,689	70,267,954
Finance income	8	320,495	50,856
Finance cost	8	(160,139)	(77,695)
<b>Profit for the financial year before members' remuneration and profit shares</b>		<u>87,269,045</u>	<u>70,241,115</u>
Members' remuneration charged as an expense		(30,622,434)	(21,458,422)
<b>Profit and total comprehensive profit for the financial year</b>		<u><u>56,646,611</u></u>	<u><u>48,782,693</u></u>

All of the LLP's operations are classified as continuing. There were no gains or losses in the current year or previous year other than those included in the above Income Statement.

**ALLEN & OVERY (SOUTH AFRICA) LLP**  
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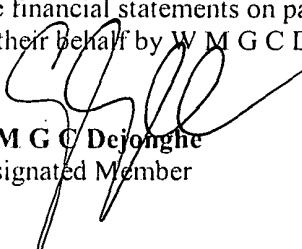
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 APRIL 2019**

	Note	2019 ZAR	2018 ZAR
<b>Fixed assets</b>			
Property, plant and equipment	10	50,267,707	37,105,807
<b>Current assets</b>			
Debtors	11	266,956,559	202,195,640
Amounts due from members	14	30,133,562	32,546,480
Cash and cash equivalents		35,644,463	22,939,691
		<u>332,734,584</u>	<u>257,681,811</u>
<b>Creditors: amounts falling due within one year</b>	12	(302,575,383)	(224,827,368)
<b>Net current assets</b>		<u>30,159,201</u>	<u>32,854,443</u>
<b>Total assets less current liabilities</b>		80,426,908	69,960,250
Provision for liabilities	13	(3,302,019)	(699,279)
<b>Creditors: amounts falling due after more than one year</b>			
Members' capital	14	(20,478,278)	(20,478,278)
<b>Net assets attributable to members</b>		<u>56,646,611</u>	<u>48,782,693</u>
<b>Represented by:</b>			
<b>Members' other interests</b>			
Other reserves classified as members' other interests	14	56,646,611	48,782,693
<b>Total members' other interests</b>		<u>56,646,611</u>	<u>48,782,693</u>
<b>Total members' interests</b>			
Amounts due from members	14	(30,133,562)	(32,546,480)
Members' capital classed as a liability	14	20,478,278	20,478,278
Members' other interests	14	56,646,611	48,782,693
		<u>46,991,327</u>	<u>36,714,491</u>

The notes on pages 11 to 19 are an integral part of these financial statements.

These financial statements have been prepared in accordance with Part 15 of the Act as applied by the Regulations.

The financial statements on pages 8 to 19 were approved by the members on 20 November 2019 and signed on their behalf by W M G C Dejonghe:

  
**W M G C Dejonghe**  
 Designated Member

**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 APRIL 2019**

	<b>Other reserves</b>	<b>Total</b>
	<b>ZAR</b>	<b>ZAR</b>
<b>Members' other interests at 1 May 2017</b>	82,850,460	82,850,460
Profit for the financial year	48,782,693	48,782,693
Profit allocated to members	<u>(82,850,460)</u>	<u>(82,850,460)</u>
<b>Members' other interests at 30 April 2018 and 1 May 2018</b>	48,782,693	48,782,693
Profit for the financial year	56,646,611	56,646,611
Profit allocated to members	<u>(48,782,693)</u>	<u>(48,782,693)</u>
<b>Members' other interests at 30 April 2019</b>	<u>56,646,611</u>	<u>56,646,611</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019**

**1. GENERAL INFORMATION**

The LLP is a limited liability partnership incorporated in England and Wales on 11 September 2014 and is managed and controlled in the UK.

The address of its registered office is One Bishops Square, London, E1 6AD.

The LLP's principal activity is providing non-South African regulated legal services in South Africa and elsewhere.

**2. STATEMENT OF COMPLIANCE**

The LLP financial statements have been prepared in compliance with UK GAAP, including FRS 101 and the Act as applied by the Regulations. The financial statements have also been prepared in accordance with the Statement of Recommended Practice: Accounting by Limited Liability Partnerships.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of preparation**

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the LLP's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) have been applied in the preparation of these financial statements, in accordance with FRS 101, on the basis that it is a qualifying entity and its ultimate parent, Allen & Overy LLP, includes each of the below in its own consolidated financial statements:

- The requirement in paragraph 38 of International Accounting Standard (IAS) 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraphs 10(d) (Statement of cash flows), 16 (Statement of compliance with all IFRS) and, 111 (Cash flow statement information) of IAS 1 *Presentation of Financial Statements*;
- The requirements of IAS 7 *Statement of Cash Flows*;
- The requirements of paragraph 17 (Key management compensation) of IAS 24 *Related Party Disclosures*;

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group; and
- IFRS 7, 'Financial Instruments: Disclosures'.

**Going concern**

The financial statements have been prepared on a going concern basis.

**New standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations**

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 30 April 2019 that have had a material impact on the LLP.

**Members' remuneration**

A member's share in the profit or loss for the year is accounted for as an allocation of profits and becomes due to the members at the point at which the profit or loss is divided. Unallocated profits and losses are included within 'Other reserves classified as members' other interests' in the Statement of Financial Position.

**Foreign currencies**

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the LLP operates (the **functional currency**). The financial statements are presented in South African Rand (ZAR), which is the LLP's functional currency.

Transactions denominated in foreign currency are converted into ZAR at the rate of exchange ruling at the date of transaction. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling on that date. All exchange differences are dealt with in the Income Statement.

**Revenue recognition**

Revenue represents amounts chargeable to clients for professional services provided during the period including expenses but excluding sales tax.

Services provided to clients, who at the Statement of Financial Position date have not been billed, have been recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of services provided by the Statement of Financial Position date as a proportion of the total value of the engagement. Where the right to receive payment is contingent on factors outside the control of the LLP, revenue is only recognised (over and above any agreed minimum fee) when the contingent event occurs. Unbilled revenue is included in 'Trade and other debtors'.

**Taxation**

Any UK taxation on the profits of the LLP is the personal liability of the members and consequently is not dealt with in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Debtors**

Debtors are initially recognised at fair value and subsequently carried at amortised cost, and reduced for estimated irrecoverable amounts. From 1 May 2018, the LLP assesses, on a forward-looking basis, the expected credit losses associated with client and other receivables carried at amortised cost. The LLP applies the simplified approach, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. Client and other receivables are specifically provided for or written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include significant financial difficulties of the debtor and default or delinquency in payments. The carrying amount of the asset is reduced through use of a provision account, and the amount of the loss is recognised in the Income Statement within 'Administrative expenses'.

Until April 2018 debtors were initially recognised at fair value and subsequently carried at amortised cost, and reduced for estimated irrecoverable amounts.

**Cash and cash equivalents**

'Cash and cash equivalents' comprise cash in hand or demand deposits.

**Creditors**

Creditors are initially measured at fair value and subsequently carried at amortised cost, and reduced for discounts given by suppliers.

**Property, plant and equipment**

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment. Depreciation is provided to write off the cost, less the estimated residual value, of the relevant assets by equal instalments over their estimated useful economic lives, which are as follows:

Leasehold improvements	The shorter of the period of the lease, the expected use of the property, and ten years
Furniture, fixtures and fittings	The shorter of five years and the expected use of the asset
Computer equipment	Two years
Motor vehicles	Five years

The assets' residual values and useful economic lives are reviewed, and if necessary adjusted, at each balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Employee benefits**

All staff costs must be recorded as an expense as soon as the LLP is obliged to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined with reference to the year-end leave balances and the employees' actual salary at year end.

**Pensions**

A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. The LLP has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The LLP operates a defined contribution pension scheme for its staff. Payments to the pension scheme are charged as an expense to the income statement in the periods during which related services are rendered by employees and amounts not paid are shown in 'Accruals and other creditors'.

**Provisions**

Provisions are recognised when the LLP has a present obligation as a result of a past event, and it is probable that the LLP 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 date of the statement of financial position, and are discounted to their 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 changes in the discount rate is charged to the Income Statement as a finance cost.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the LLP or the counterparty.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements under FRS 101 requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual outcomes could differ from those estimates.

The key estimates and assumptions relate to client receivable impairment and the fair value of unbilled revenue on client assignments.



**ALLEN & OVERY (SOUTH AFRICA) LLP**  
**REGISTERED NUMBER: OC395239**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

Further details are set out in each of the relevant accounting policies and notes to the financial statements. Management will continue to review assumptions used against actual experience and market data and adjustments will be made in future periods where appropriate.

**5. REVENUE**

Total Revenue is attributable to the LLP's main activity which is carried out in the UK and South Africa.

No analysis of turnover is provided as the members consider that such a disclosure would be seriously prejudicial to the interests of the LLP.

**6. OPERATING PROFIT**

	<b>2019</b>	<b>2018</b>
	<b>ZAR</b>	<b>ZAR</b>
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	11,524,031	10,216,352
Loss on disposal of property, plant and equipment	135,383	-
Fees payable for the audit of the LLP's financial statements	203,841	168,230
Operating lease expense	9,339,210	7,202,703
Foreign exchange gain	<u>(2,174,969)</u>	<u>(1,066,980)</u>

**7. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>ZAR</b>	<b>ZAR</b>
Staff costs incurred during the year were:		
Salaries (including staff bonus)	60,915,438	55,491,699
Social security costs	982,609	641,447
Other costs, pension, life assurance and medical	18,014,778	14,601,816
	<u>79,912,825</u>	<u>70,734,962</u>

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
The average number of people employed during the year (excluding members) was:		
Fee earners	17	17
Support staff	20	19
	<u>37</u>	<u>36</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**8. FINANCE INCOME AND COST**

	2019	2018
	ZAR	ZAR
<b>Finance income</b>		
Interest receivable	320,495	50,856
<b>Finance cost</b>		
Interest payable on bank loans and overdrafts	(160,139)	(77,695)
	<u>160,356</u>	<u>(26,839)</u>

**9. INFORMATION IN RELATION TO MEMBERS**

The average monthly number of members during the year was 20 (2018:16).

The average profit per member during the year was ZAR 2,832,331 (2018: ZAR 3,048,918).

The members received no other form of remuneration from the LLP during the year or prior year other than as disclosed in the financial statements.

**10. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements	Furniture, fixtures and fittings	Computer equipment	Motor vehicles	Total
	ZAR	ZAR	ZAR	ZAR	ZAR
<b>Cost:</b>					
At 1 May 2018	32,802,851	25,872,715	7,920,657	1,596,500	68,192,723
Additions	2,573,020	18,887,357	2,971,135	389,802	24,821,314
Disposal	-	(458,666)	-	-	(458,666)
At 30 April 2019	<u>35,375,871</u>	<u>44,301,406</u>	<u>10,891,792</u>	<u>1,986,302</u>	<u>92,555,371</u>
<b>Accumulated depreciation:</b>					
At 1 May 2018	8,395,438	15,113,591	6,632,617	945,270	31,086,916
Charge for year	3,307,035	6,406,870	1,484,329	325,797	11,524,031
Depreciation disposal	-	(323,283)	-	-	(323,283)
At 30 April 2019	<u>11,702,473</u>	<u>21,197,178</u>	<u>8,116,946</u>	<u>1,271,067</u>	<u>42,287,664</u>
<b>Net book value</b>					
At 30 April 2019	<u>23,673,398</u>	<u>23,104,228</u>	<u>2,774,846</u>	<u>715,235</u>	<u>50,267,707</u>
At 30 April 2018	<u>24,407,413</u>	<u>10,759,124</u>	<u>1,288,040</u>	<u>651,230</u>	<u>37,105,807</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**11. DEBTORS**

	<b>2019</b>	<b>2018</b>
	<b>ZAR</b>	<b>ZAR</b>
Unbilled revenue	15,039,085	9,914,214
Trade debtors	122,998,748	103,165,192
Amounts due from other group undertakings	122,168,742	85,047,824
Prepayments	3,831,655	2,812,388
Other debtors	2,918,329	1,256,022
	<u>266,956,559</u>	<u>202,195,640</u>

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

Trade debtors include a provision for bad debts of ZAR 3,289,231 (2018: ZAR 4,779,426).

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>ZAR</b>	<b>ZAR</b>
Trade payables	4,086,587	4,688,941
Sales tax payable	1,048,840	4,297,762
Amounts due to other group undertakings	269,575,516	188,497,202
Accruals and other creditors	27,864,440	27,343,463
	<u>302,575,383</u>	<u>224,827,368</u>

Amounts due to other group undertakings are interest free, unsecured and repayable on demand.

**13. PROVISION FOR LIABILITIES**

The LLP had the following provisions during the year:

	<b>Provision for dilapidations ZAR</b>
At 1 May 2018	699,279
Increase in provision	2,573,021
Unwind of discount on provision	29,719
At 30 April 2019	<u>3,302,019</u>

**Provision for dilapidations**

The provisions for dilapidations are in respect of property leases which contain a requirement for the premises to be returned to their original state prior to the conclusion of the lease term. The leases to which this provision relates all expire by 30th April 2025.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**14. MEMBERS' INTERESTS**

	Amounts due from members  ZAR	Members' capital classified as a liability  ZAR	Members' other interests  ZAR	Total members' interests  ZAR
Total members' interests at 1 May 2017	(44,454,025)	20,478,278	82,850,460	58,874,713
Profit for the financial year	-	-	48,782,693	48,782,693
Profit allocated to members	82,850,460	-	(82,850,460)	-
Drawings and distributions	(70,942,915)	-	-	(70,942,915)
Total members' interests at 30 April 2018 and 1 May 2018	(32,546,480)	20,478,278	48,782,693	36,714,491
Profit for the financial year	-	-	56,646,611	56,646,611
Profit allocated to members	48,782,693	-	(48,782,693)	-
Drawings & distributions	(46,369,775)	-	-	(46,369,775)
Total members' interests at 30 April 2019	(30,133,562)	20,478,278	56,646,611	46,991,327

**15. FINANCIAL COMMITMENTS**

	Land and buildings	
	2019 ZAR	2018 ZAR
Minimum lease payments under operating leases recognised as an expense during the year	<u>9,339,210</u>	<u>7,202,703</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019 (CONTINUED)**

**15. FINANCIAL COMMITMENTS (CONTINUED)**

The LLP has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>Land and buildings</b>	
	<b>2019</b>	<b>2018</b>
	<b>ZAR</b>	<b>ZAR</b>
Not later than one year	8,808,590	7,394,444
Later than one year and not later than five years	41,847,314	35,129,107
More than five years	12,354,504	21,657,021
	<u>63,010,408</u>	<u>64,180,572</u>

**16. ULTIMATE CONTROLLING PARTY**

The LLP's ultimate parent and controlling party is Allen & Overy LLP. Allen & Overy LLP is the parent undertaking of the smallest and largest group to which the LLP belongs and for which group financial statements are prepared.

Copies of the consolidated financial statements of Allen & Overy LLP can be obtained from In-House Legal, Allen & Overy LLP, 68 Donegall Quay, Belfast BT1 3NL.