Company Registration No. OC328697

Norton Rose Fulbright LLP

Annual report and consolidated financial statements

For the year ended 30 April 2023

Norton Rose Fulbright LLP

Report and financial statements 2023

Contents

Norton Rose Fulbright LLP

Members' report
For the year ended 30 April 2023

The members present their annual report on the affairs of the Group and the LLP, together with the financial statements and auditor's report, for the year ended 30 April 2023.

Firm structure

These financial statements consolidate the financial statements of Norton Rose Fulbright LLP ("the LLP") and its subsidiary undertakings (together, "the Group") drawn up to 30 April 2023.

The Group has branches in Amsterdam, Athens, Bangkok, Beijing, Brussels, Casablanca, Dubai, Dusseldorf, Frankfurt, Hamburg, Hong Kong, London, Luxembourg, Milan, Munich, Newcastle, Paris, Piraeus, Riyadh, Shanghai, Singapore, Tokyo and Warsaw.

Principal activity

The principal activity is the provision of legal services.

Review of the business and future developments

The Group's business plan is to continue grow in existing locations and key sectors, while retaining appropriate profitability.

The results for the year are set out on page 13. The members regard the results and future prospects to be satisfactory.

As a result of the conflict in Ukraine during the prior year, the Group made the decision to stop trading in Russia. The Group ceased trading in Russia with effect from 30 June 2022.

Designated members

The designated members, who served throughout the year and up until the date of this report, were:

Farmida Bi
Louise Higginbottom
Peter Scott

Registered Office

3 More London Riverside
London
SE1 2AQ

Members' drawings and the subscription and repayment of members' capital

The amount of profit to be distributed to members is determined by the LLP's Remuneration Committee after the year end.

Members draw a proportion of their profit share in 12 monthly instalments during the year in which the profit is made, with the balance of their profits, net of tax retention, paid in instalments in subsequent years. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HM Revenue and Customs and tax authorities in other relevant jurisdictions on behalf of members, with any excess being released to members as appropriate.

All members are equity members and share in the profits and subscribe the entire capital of the LLP. Each member's capital subscription is linked to his or her share of profit and is repaid in full on retirement. The rate of capital subscription is determined from time to time depending upon the financing requirements of the Group.

Norton Rose Fulbright LLP

Members' report

For the year ended 30 April 2023

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment.

Approval

Approved by the Management Committee and signed on its behalf by:

Rod Harrington
Chief Operating Officer

Norton Rose Fulbright LLP

Members' report – Energy and carbon report
For the year ended 30 April 2023

Climate-related financial disclosures

As required by The Limited Liability Partnerships (Climate-related Financial Disclosure) Regulations 2022, the Group is reporting on how we identify and assess the risks and opportunities for our business relating to climate change. We are supporters of Climate-related Financial Disclosures (CFD) including assessing, managing and reporting climate-related risks. This CFD report summarises the Group's approach to the CFD requirements and to identifying risks and opportunities arising from climate change.

Governance

The Group's principal management body is the Management Committee (MCom), which is led by our Managing Partner (MP). The members of MCom include the Chief Operating Officer (COO), the heads of our three Practice Groups (PGLs), the Chief Risk and Regulatory Officer (CRRO) and the heads of our largest international offices. MCom is responsible for the management of the firm, including climate-related matters, and meets monthly.

Sustainability management for the firm is overseen by the Sustainability Committee Core Team headed by the Group's Head of Sustainability. The Head of Sustainability, a recognised industry leader on climate-related issues, is responsible for advising and guiding MCom in relation to this area, the steps the Group needs to take in order to meet commitments it makes and to report on progress against those commitments. The Head of Sustainability is also responsible for updating MCom and the Audit Committee on the work of the Sustainability Committee Core Team as noted below.

The Sustainability Committee Core Team makes recommendations to MCom on climate-related matters and is responsible for overseeing their implementation. The Sustainability Committee Core Team consists of senior members of our Business Services Team. The Sustainability Committee Core Team members all sit on the Group's wider Sustainability Committee consisting of employees from all areas of the business. The Sustainability Committee Core Team meets on a weekly basis to review operations, climate-related risks and opportunities, and the implementation of the Group's sustainability management. The wider Sustainability Committee meets on a quarterly basis and seeks employee engagement throughout our European and UK offices and promotes staff engagement with sustainability initiatives. All recommendations relating to the firm's sustainability strategy and management are proposed by the Head of Sustainability to MCom seeking approval for implementation of actions, including budgetary approvals.

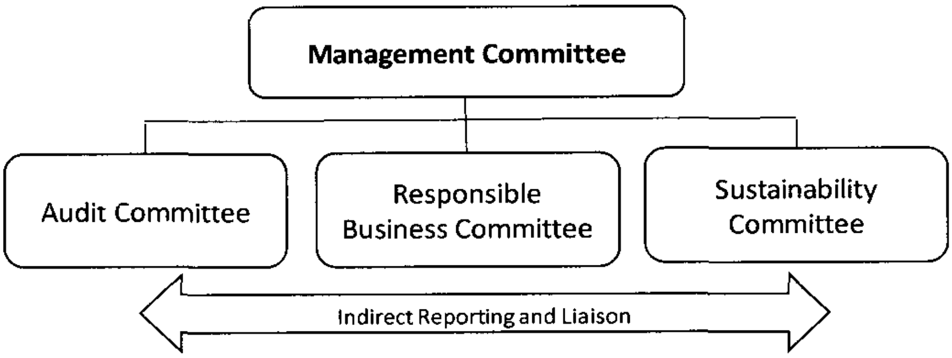
The Head of Sustainability also sits on the Responsible Business Committee to ensure coordination on overlap areas including Corporate Social Responsibility, Diversity and Inclusion initiatives and pro bono activities involving sustainability.

The Head of Sustainability liaises regularly with the CRRO to identify any climate related risks affecting the business including horizon scanning for upcoming legislation and regulatory requirements. The Head of Sustainability will also attend the Audit Committee of the firm as specific climate related issues arise for their consideration.

The CRRO, reporting to MCom, is responsible for overall risk management within the firm and maintaining the Group's risk registers. MCom and the Audit Committee both receive regular reports from the CRRO in relation to risk management. Risk is a formal item at both MCom and the Audit Committee twice-yearly, when the principal risks affecting the Group are discussed and consideration given to whether additional items are required to be included. In addition, the CRRO will raise risk issues at other meetings of MCom or the Audit Committee if there is a need for discussion between the twice-yearly reviews. The Head of Sustainability will attend the MCom and Audit Committee scheduled risk sessions going forward.

Members' report – Energy and carbon report
For the year ended 30 April 2023

Chart – Principal Committees involved in environmental sustainability



Governance arrangements of the Group in relation to assessing and managing climate-related risks and opportunities

Material climate-related risks, both physical and transitional, are included in the Group's Risk Registers and are reported on to MCom and the Audit Committee. The CRRO works with our Responsible Business Committee and Sustainability Committee Core Team, and in particular our Head of Sustainability, to identify and assess risks including upcoming transitional risks.

Assessment and management of physical risks relating to our offices is delegated to the Sustainability Committee Core Team who liaise with relevant Group management as appropriate. For example, our Real Estate Director is responsible for our response related to a climate-related event physically affecting our offices or our people. In the event of a significant event arising from, for example a weather-related event leading to a significant office being damaged or disrupted, MCom would be alerted and our crisis management process put into operation through our crisis management system with emergency messaging as appropriate to all affected employees.

Management of risks for offices outside the UK are delegated to the Chief Operating Officers of the relevant office.

Our PGLs are primarily responsible for driving the identification of climate-related opportunities, and ensuring that those opportunities are assessed and, if thought worthwhile, pursued. Opportunities would be identified as a result of our normal business planning cycle, together with the relevant sector experts. As a leader in climate transition advice for our clients, the Group has many internal experts whose expertise can be drawn on. A proposal that these opportunities are pursued would then be made to the relevant PGL, who would then undertake a prioritisation exercise to determine which opportunities to pursue having regard to the risks and rewards. MCom would then assess the overall business plan and make the final decision on which opportunities to pursue.

How the Group identifies, assesses, and manages climate-related risks

Our processes for identifying, assessing and managing climate-related risks is fully integrated into our overall risk management process as described above. Our CRRO works with the Sustainability Committee Core Team and the Head of Sustainability to identify, review and ensure compliance both with physical and transition risks linked to climate change. The risks identified are then assessed on the same basis as other risks affecting the business, looking at likelihood and impact, to identify the gross risk rating. In doing so the Group assesses the impact on turnover, profit and reputation amongst other factors. Mitigating factors are then identified and a net risk rating established, with a standard RAG (red, amber and green) status applied to both gross and net risks. Net red risks and the most significant amber risks are then included in our top 10 risk assessment.

Members' report – Energy and carbon report
For the year ended 30 April 2023

Our risk process covers the overall Group. Subsidiary entities are not required to undertake their own risk assessment, however, the Chief Operating Officer for each office outside of the UK is made aware of the risks and will raise issues with the CRRO relating to their own office (for example, security of energy supplies).

The Group's Risk Register allocates responsibility for managing each risk to a specified member of senior management, with overall supervision of the risk being allocated to a member of senior management. Regular meetings are held between the CRRO and the members of senior management to assess risk management, and this will then be reported at the Audit Committee.

Identified principal climate change risks and opportunities

Risks and opportunities are assessed over the short (up to 3 years, in line with our normal business planning cycle), medium (up to 3-10 years) and long term (10+ years) timescale.

Physical Risks

Risk category/description	Climate-specific risks within risk category	Time scale	Mitigation
Inability to access office premises Disruption to premises occupation and / or energy supplies and transport networks.	Extreme weather events (flooding, wild fires, wind damage, heat waves) affecting our office locations and the people working in them and relevant transport systems.	Short, medium and long term	Ability to work remotely. IT no longer hosted in office premises. Critical IT and technology services provided and hosted by third party suppliers with many layers of resilience.
	Rising seawater levels affecting our office locations.	Long term	Offices are all held on lease so re-instatement costs would not be a major financial cost.
	Prolonged disruption to central communication services within a jurisdiction.	Medium and long term	Potential weather and sea level events are a factor taken into account when we assess office locations.
	The transition to net zero may mean periods of time when energy supplies are insufficient.	Medium term	Ability to relocate work to other jurisdictions where appropriate expertise is located.
Supply Chain Risks Supplier failure caused by climate-related events.	Shortages of supply of critical materials may impact operations and response times. IT and communication networks, and secure data storage are now essential to our business; we are increasingly dependent on third parties to host our critical data and manage our IT applications.	Short, medium and long term	We are currently in the process of implementing a procurement sustainability management system with increased due diligence on all suppliers. IT and communication networks suppliers have been assessed as critical and are being prioritised.

Members' report – Energy and carbon report
For the year ended 30 April 2023

Energy Consumption and Resilience Increased demands for energy supply and raw materials may be affected by climate-related events.	*Increased energy costs and a potential lack of material supplies.*	*Medium term*	*We seek to use energy* efficiency measures wherever possible and to reduce consumption. Where possible we purchase energy with the applicable renewable credentials.

Transition Risks

Risk category/description	Climate-specific risks within risk category	Time scale	Mitigation
Business Travel The Group needs to address business travel to meet commitments.	Failure to meet our climate-related commitments as a result of failure to reduce business class air travel.	Medium term	We are in the process of devising and implementing a climate conscious travel policy having already introduced restrictions on short haul business travel and the requirement to use rail wherever possible or shorter journeys.
Compliance risk The Group needs to comply with and be seen to comply with the regulatory environment applicable to us.	Increasing regulation to encourage attainment of net zero targets and requirement for corporate reporting.	Medium term	Our sustainability and risk programmes enable us to achieve compliance and the implementation of our net zero targets will result in further emissions reporting and reductions.
Clients and our people The Group's clients are demanding confirmation of our sustainability performance and targets as a pre-condition e.g. the Group retaining its panel positions. It is seen as a requirement for our employees that the firm has a credible and effective sustainability management system which is increasingly important for staff retention.	Potential loss of clients due to failure to meet the sustainability targets. Employee recruitment and retention.	Medium/long term Medium/long term	Implementation of sustainability management systems and accurate corporate reporting and disclosure. Encourage active employee participation in sustainability initiatives e.g. Sustainability Committee and pro bono initiatives.
Brand/reputation Market reputation is an essential element of a legal services firm's brand, critical	Failing to meet our net zero published targets; within this failing to reduce travel, especially flights is the biggest risk.	Medium term	Use of technology; only permit business essential travel; focus on obtaining maximum value from trips.

to attracting and retaining both clients and staff.	Acting for traditional energy companies and companies that use a significant amount of fossil fuels in their business.	Medium/long term	We maintain best practice through our Sustainability Management Programme and initiatives.
Macro-economic and political risk Law firms are impacted by the macro-economic climate (although there is not always a direct corelation between an economic downturn and a downturn in the Group's business. For example, the firm's performance remained strong over the period of the COVID pandemic).	The changes required to meet net zero targets may have an adverse impact in the medium/long term on the size of the global economy and clients may be less willing to incur discretionary spend for legal services.	Long term	Business planning and strategy will need to have regard to this.

The Group's principal opportunities that have been identified from climate change are:

- Additional regulation increases the need for legal advice – short and medium term.
- The development of new energy sources, funding structures to support that development and the supply chains to deliver energy to its consumers, present innovative legal issues with structures needing to be adapted or devised to enable the product to be developed, financed and delivered to the consumer – short and medium term.
- Potential cost savings after an initial period of the costs of transition e.g. via increased energy efficiency, reduced consumption and reduced travel – medium term.
- Potential to be a more attractive employer for our people – medium term.

Impact of climate change on the Group's business model

It is not anticipated that climate-related risks will make a material impact requiring substantive changes to the Group's current business model or strategy. Environmental, Sustainability and Governance and the energy transition are both already key areas of focus and are set to continue and expand.

Resilience of our business model

We do not consider that at this stage it is necessary to undertake an analysis of the resilience of the Group's business model based on different climate-related scenarios. This is because the legal sector and the Group's business is not carbon emission 'heavy' in comparison to other sectors, and the principal risks from climate-change derive from clients in particular sectors being unable or unwilling to pay fees because of the impact of climate change on their businesses or in the Group's services failing to keep pace with the demands of a market as it evolves in response to climate change. The Group's business is well diversified, both in terms of clients, services and products and the Group is not heavily dependent on any single sector that would be severely impacted by the more extreme impacts of scenarios where net zero targets fail to be met by a considerable margin.

The Group's business model is flexible and kept under periodic review to ensure it remains fit for purpose and places the Group in a position to mitigate climate-related risks and maximise climate-related opportunities.

Climate related targets and key performance measures related to risks and opportunities

Norton Rose Fulbright LLP

Members' report – Energy and carbon report
For the year ended 30 April 2023

The Group recognises that conscious sustainability management, including the management of supply chain, is key to the Group's brand and reputation with its clients. The Group is in the process of establishing internal targets and key performance measures to support the management of climate related risk and opportunities, and to support the achievement of the commitments already made by the Group.

Externally the Group:

- Is a signatory of the Science Based Targets initiative (SBTi)
- Is a signatory of the UN Global Compact and reports annually under its terms and conditions.
- Has been assessed by Ecovadis to hold a gold sustainability rating.

The Group has submitted its short and long-term net zero targets for validation by the SBTi, and once the validation process is completed the Group will establish a plan to meet and report against the agreed metrics on an annual basis under the SBTi and the UN Global Compact. In doing so internal reporting to the Management Committee will also be established.

Streamlined Energy and Carbon Report

We have reported on all sources of Green House Gas (GHG) emissions and energy usage as required under the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 as amended.

Reporting Boundaries and Methodology

We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Reporting 2019 to calculate the disclosures.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 May 2022 to 30 April 2023				
	UK	EMEA	UK	EMEA
	2023	**2023**	**2022 (*restated**)**	**2022 (*restated**)**
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	303	347	316	392
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO_2e)	-	1	-	6
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	994	2,162	568	1,744
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 - tonnes of CO_2e)	-	19	-	16
Emissions from electricity supplied to tenants (Scope 3)	454	454	374	374
Total gross tCO_2e (excluding electricity supplied to tenants)	**1,297**	**2,529**	**884**	**2,158**
Intensity ratio (emissions/employees)	0.92 CO_2e	1.13 CO_2e	0.70 CO_2e	1.01 CO_2e
Energy consumption used to calculate emissions – kwh	6,791,651	10,415,645	4,527,899	8,488,152

Norton Rose Fulbright LLP

Members' report – *Energy and carbon report*
For the year ended 30 April 2023

**2022 GHG emissions data has been restated as we continue to work with our partners and suppliers on a more accurate methodology for capturing and reporting GHG data. Due to the nature of operations, especially outside of the UK where we are tenants of offices and are reliant on third parties to provide the above information, estimates and assumptions are made.*

Delivering Sustainability

We recognise that the way in which we operate has an impact on the environment and our people are committed to integrating sustainability best practice into our business activities across the Group.

Like many other similar businesses, the Group's carbon emissions reduced in 2021 and 2022, largely as the COVID pandemic resulted in travel reductions and increased home working. As expected, we have seen a rise in our emissions from 2022 to 2023 as the Group returned to normal with increasing travel and increasing office use.

The Group has an active sustainability management plan and has engaged consultants Accenture to assist with the Group's journey to net zero. Energy efficiency actions already taken include:

- seeking to minimise the waste generated by the business by reducing, reusing and recycling waste wherever we can;
- managing water consumption through a programme to install water efficient measures in as many buildings as possible, starting with our London office;
- reducing the carbon footprint from travel through the firm's business travel policy;
- resourcing renewable energy sources where possible and available;
- making sustainability a key criteria when considering existing and future business partners and suppliers. One of our main objectives for 2023 is to work closely with our key suppliers to access more data, to help the Group better understand the supplier's environmental and social impact;
- providing opportunities for our people through supported pro-bono work and other volunteering opportunities mainly focused on the locations we operate in. For example, in Paris, we have partnered with the French National Forests Office Endowment Fund to help promote sustainable forestry management, fight climate change and preserve biodiversity.

Approval

Approved by the Management Committee and signed on its behalf by:

Louise Higginbottom
Member and Chief Risk and Regulatory Officer

Norton Rose Fulbright LLP

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts and 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Management Committee on behalf of the members.

Independent auditor's report to the members of Norton Rose Fulbright LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Norton Rose Fulbright LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 30 April 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent limited liability partnership balance sheets;
- the consolidated and parent limited liability partnership statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of members

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, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's and limited liability partnership's industry and its control environment, and reviewed the group's and limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group and limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the *group's and limited liability partnership's ability to operate or to avoid a material penalty*. These included the group's and limited liability partnership's compliance with Solicitors Regulation Authority requirements and environmental regulations.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

- The valuation of unbilled revenue: We assessed the design and implementation of relevant controls and for a sample of matters evaluated the recoverability rate applied and where available compared the valuation of unbilled time to post year end invoicing and cash collection.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the 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.

We have nothing to report in respect of these matters.

Use of our report

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

NKulkarni

Neha Kulkarni ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 26 September 2023

Norton Rose Fulbright LLP

Consolidated profit and loss account
For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Turnover			
Turnover	4	559,238	520,924
Other operating income	5	5,198	5,617
		564,436	526,541
Operating costs			
Staff costs	8	(252,008)	(229,782)
Administrative expenses		(149,782)	(136,144)
Operating profit		162,646	160,615
Group share of (loss) / profit in associates	13	(36)	627
Finance costs (net)	6	1,599	154
Profit before taxation and members' remuneration and profit shares	7	164,209	161,396
Tax on profit	9	(4,173)	(3,686)
Profit before members' remuneration and profit shares		160,036	157,710
Members' remuneration charged as an expense		(3,852)	(1,760)
Profit for the year available for discretionary division among members		156,184	155,950

The results are derived from continuing activities.

Norton Rose Fulbright LLP

Consolidated statement of comprehensive income
For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Profit for the year available for discretionary division among members		156,184	155,950
Actuarial (loss)/gain on pension scheme liabilities	18	(10,205)	16,665
Actuarial gain on other retirement benefits		48	473
Hedges of variable interest rate risk and foreign exchange risk:			
Gains / (losses) arising on hedges	19	2,481	(4,115)
(Losses) / gains reclassified to profit and loss		(4,115)	1,846
Currency translation gain / (loss) on foreign currency net Investments		12,463	(2,756)
Other comprehensive income		672	12,113
Total comprehensive income		156,856	168,063

Norton Rose Fulbright LLP

Consolidated balance sheet
As at 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	12	38,473	23,898
Investments	13	591	627
		39,064	24,525
Current assets			
Debtors	14	313,160	279,758
Pension surplus	18	21,926	31,165
Cash at bank and in hand		21,215	47,145
		356,301	358,068
Creditors: amounts falling due within one year	15	(176,884)	(144,026)
Net current assets		179,417	214,042
Total assets less current liabilities		218,481	238,567
Creditors: amounts falling due after more than *one year*	15	*(11,070)*	*(10,339)*
Provisions for liabilities	17	(1,432)	(1,650)
Net assets attributable to members		205,979	226,578
Represented by:			
Members' capital classified as a liability		70,791	71,481
Members' other interest - other reserves classified as equity		135,188	155,097
		205,979	226,578
Total members' interests			
Members' capital classified as a liability		70,791	71,481
Members' other interest - other reserves classified as equity		135,188	155,097
Amounts due from members		(14,855)	(8,203)
		191,124	218,375

The financial statements of Norton Rose *Fulbright LLP* (registered number OC328697) were approved and authorised for issue by the Management Committee and signed on its behalf on 26 September 2023 by:

Louise Higginbottom
Member and Chief Risk & Regulatory Officer
Norton Rose Fulbright LLP

Rod Harrington
Chief Operating Officer
Norton Rose Fulbright LLP

Norton Rose Fulbright LLP

LLP balance sheet
As at 30 April 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	12	34,124	19,372
Investments	13	283	191
		34,407	19,563
Current assets			
Debtors	14	338,135	320,457
Cash at bank and in hand		3,012	29,505
		341,147	349,962
Creditors: amounts falling due within one year	15	(271,639)	(245,713)
Net current assets		69,508	104,249
Total assets less current liabilities		103,915	123,812
Creditors: amounts falling due after more than one year	15	(11,070)	(10,339)
Provisions for liabilities	17	(1,432)	(1,650)
Net assets attributable to members		91,413	111,823
Represented by:			
Members' capital classified as a liability		70,791	71,481
Members' other interests - other reserves classified as equity		20,622	40,342
		91,413	111,823
Total members' interests			
Members' capital classified as a liability		70,791	71,481
Members' other interests - other reserves classified as equity		20,622	40,342
Amounts due from members		(14,855)	(8,203)
		76,558	103,620

The profit for the year available for discretionary division among the members was £140.1m (2022: £143.7m).

The financial statements of Norton Rose Fulbright LLP (registered number OC328697) were approved and authorised for issue by the Management Committee and signed on its behalf on 26 September 2023 by:

Louise Higginbottom
Member and Chief Risk & Regulatory Officer
Norton Rose Fulbright LLP

Rod Harrington
Chief Operating Officer
Norton Rose Fulbright LLP

Consolidated statement of changes in members' interests
For the year ended 30 April 2022

	Members' capital classified as liability £'000	Other reserves £'000	Sub-total £'000	Amounts due from members £'000	Total members' interest £'000
Members' interests at 1 May 2021	71,057	108,120	179,177	(5,989)	173,188
Profit for the financial year available for discretionary division among members	-	155,950	155,950	-	155,950
Members' interests after profit for the year	71,057	264,070	335,127	(5,989)	329,138
Actuarial gain on pension scheme liabilities	-	16,665	16,665	-	16,665
Actuarial gain on other retirement benefits	-	473	473	-	473
Hedges of variable interest rate risk and foreign exchange risk	-	(2,269)	(2,269)	-	(2,269)
Currency translation loss on foreign currency net investments	-	(2,756)	(2,756)	-	(2,756)
Total comprehensive income	71,057	276,183	347,240	(5,989)	341,251
Allocated profits	-	(121,086)	(121,086)	121,086	-
Payments to and on behalf of members	-	-	-	(123,300)	(123,300)
Members' capital introduced	7,239	-	7,239	-	7,239
Members' capital repaid	(6,815)	-	(6,815)	-	(6,815)
Members' interests at 30 April 2022	71,481	155,097	226,578	(8,203)	218,375

Norton Rose Fulbright LLP

Consolidated statement of changes in members' interests
For the year ended 30 April 2023

	Members' capital classified as liability £'000	Other reserves £'000	Sub-total £'000	Amounts due from members £'000	Total members' interest £'000
Members' interests at 1 May 2022	*71,481*	*155,097*	*226,578*	*(8,203)*	*218,375*
Profit for the financial year available for discretionary division among members	-	156,184	156,184	-	156,184
Members' interests after profit for the year	71,481	311,281	382,762	(8,203)	374,559
Actuarial loss on pension scheme liabilities	-	(10,205)	(10,205)	-	(10,205)
Actuarial gain on other retirement benefits	-	48	48	-	48
Hedges of variable interest rate risk and foreign exchange risk	-	(1,634)	(1,634)	-	(1,634)
Currency translation gain on foreign currency net investments	-	12,463	12,463	-	12,463
Total comprehensive income	71,481	311,953	383,434	(8,203)	375,231
Allocated profits	-	(176,765)	(176,765)	176,765	-
Payments to and on behalf of members	-	-	-	(183,417)	(183,417)
Members' capital introduced	9,453	-	9,453	-	9,453
Members' capital repaid	(10,143)	-	(10,143)	-	(10,143)
Members' interests at 30 April 2023	70,791	135,188	205,979	(14,855)	191,124

Norton Rose Fulbright LLP

LLP statement of changes in members' interests
For the year ended 30 April 2022

	Members' capital classified as liability £'000	Other reserves £'000	Sub-total £'000	Amounts due from members £'000	Total members' interest £'000
Members' interests at 1 May 2021	71,057	32,718	103,775	(5,989)	97,786
Profit for the financial year available for discretionary division among members'	-	143,733	143,733	-	143,733
Members' interests after profit for the year	71,057	176,451	247,508	(5,989)	241,519
Actuarial gain on other retirement benefits	-	473	473	-	473
Hedges of variable interest rate risk and foreign exchange risk	-	(2,269)	(2,269)	-	(2,269)
Currency translation loss on foreign currency net investments	-	(13,227)	(13,227)	-	(13,227)
Total comprehensive income	71,057	161,428	232,485	(5,989)	226,496
Allocated profits	-	(121,086)	(121,086)	121,086	-
Payments to and on behalf of members	-	-	-	*(123,300)*	*(123,300)*
Members' capital introduced	7,239	-	7,239	-	7,239
Members' capital repaid	(6,815)	-	(6,815)	-	(6,815)
Members' interests at 30 April 2022	71,481	40,342	111,823	(8,203)	103,620

Norton Rose Fulbright LLP

LLP statement of changes in members' interests
For the year ended 30 April 2023

	Members' capital classified as liability £'000	Other reserves £'000	Sub-total £'000	Amounts due from members £'000	Total members' interest £'000
Members' interests at 1 May 2022	71,481	40,342	111,823	(8,203)	103,620
Profit for the financial year available for discretionary division among members'	-	142,222	142,222	-	142,222
Members' interests after profit for the year	71,481	182,564	254,045	(8,203)	245,842
Actuarial gain on other retirement benefits	-	48	48	-	48
Hedges of variable interest rate risk and foreign exchange risk	-	(1,634)	(1,634)	-	(1,634)
Currency translation gain on foreign currency net investments	-	12,463	12,463	-	12,463
Total comprehensive income	71,481	197,387	268,868	(8,203)	260,665
Allocated profits	-	(176,765)	(176,765)	176,765	-
Payments to and on behalf of members	-	-	-	(183,417)	(183,417)
Members' capital introduced	9,453	-	9,453	-	9,453
Members' capital repaid	(10,143)	-	(10,143)	-	(10,143)
Members' interests at 30 April 2023	70,791	20,622	91,413	(14,855)	76,558

Norton Rose Fulbright LLP

Consolidated statement of cash flows

For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Net cash flows from operating activities	21	151,323	156,202
Cash flows from investing activities			
Interest received		921	42
Purchase of tangible fixed assets net of disposals		(21,174)	(4,860)
Net cash flows used in investing activities		(20,253)	(4,818)
Cash flows from financing activities			
Interest paid		(255)	(1)
New bank loans raised		19,000	-
Payments to or on behalf of the members		(174,806)	(125,060)
Capital introduced by members		9,453	7,239
Capital repayments to members		(10,143)	(6,815)
Net cash flows used in financing activities		(156,751)	(124,637)
Net (decrease) / increase in cash and cash equivalents		(25,681)	26,747
Cash and cash equivalents at beginning of year		47,145	23,500
Effect of exchange rate fluctuations on cash held		(249)	(3,102)
Cash and cash equivalents at end of year		21,215	47,145

Cash and cash equivalents are represented by cash at bank and in hand.

Notes to the financial statements (continued)
For the year ended 30 April 2023

1. General information

Norton Rose Fulbright LLP ("the LLP") is incorporated in England and Wales under the Limited Liability Partnership Act 2000. These financial statements consolidate the financial statements of the LLP and its subsidiary undertakings (together, "the Group"). The nature of the Group's operations and its principal activities are set out in the members' report on page 1.

2. Accounting policies

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 years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Statement of Recommended Practice (SORP): Accounting by Limited Liability Partnerships (issued December 2021).

The functional currency of Norton Rose Fulbright LLP is considered to be pounds sterling. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Norton Rose Fulbright LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of an individual LLP cash flow statement and remuneration of key management personnel.

For the year ending 30 April 2023 the following subsidiaries of the Partnership were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary Name	*Companies House Registration Number*
Norton Rose Fulbright (Kazakhstan) Limited	07872592
Norton Rose Fulbright (Germany) LLP	OC363335
Norton Rose Limited	02230419

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the LLP and its subsidiary undertakings drawn up to 30 April 2023.

Notes to the financial statements (continued)
For the year ended 30 April 2023

2. Accounting policies (continued)

Going concern

Over the course of the financial year the operating environment has been challenging due to continuing economic head winds. Despite this the diversified nature of the Group's business, across geographies, sectors and clients, has meant the Group has been able to grow both Turnover and Operating Profit.

Liquidity has remained strong throughout the year and the Group has significant headroom on committed facilities and expects this to be the case beyond the going concern period. Bank facilities of £96.8m were unutilised as at 30 April 2023, while cash and cash equivalents held as at 30 April 2023 were £21.2m (2022: £47.1m).

The Group runs a forward looking base-case cash flow scenario and also runs plausible downside scenarios through the *model. The forecasts and downside scenarios show that the LLP will be able to operate comfortably within the level of* its current committed facilities and will have sufficient funds to meet its liabilities as they fall due.

The Management Committee of the Group is comfortable that, based on the current position of the Group and the results of the financial analysis undertaken, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. On that basis, the Members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents amounts chargeable to clients, both billed and unbilled, including soft disbursements, for the provision of legal services. Turnover is exclusive of hard disbursements which are effectively costs collected on behalf of third parties, and sales tax. Bad debt expenses are charged to administrative expenses and not netted off to turnover.

Accrued income

Services provided to clients during the year, which at the balance sheet date have not been billed to clients, have been recognised as accrued income in accordance with FRS 102 section 23. Accrued income recognised in this manner is based on an assessment of the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the Group.

Recharges to clients

Recharges to clients represent the recharge of recoverable expenses incurred on client matters, together with income from clients in respect of secondments.

Other operating income

Other operating income represents income received from the sub-letting of property and is only recognised where the group has the right to receive consideration.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Notes to the financial statements (continued)
For the year ended 30 April 2023

2. Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives or in line with local legislation where applicable, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over the period of the lease or expected period of occupancy
Furniture, fixture and fittings	Straight-line over 5 to 10 years
Information technology	Straight-line over 3 to 5 years

Expenditure incurred on major information technology projects (AUC) starts to be depreciated once the project becomes fully operational.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Valuation of investments

In the LLP's individual accounts, investments in subsidiaries, associates and joint ventures are measured at cost less provision for impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Provisions for doubtful debts, as well as bad debt write offs, are recognised in Administrative Expenses in the Group's Profit & Loss Account.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Notes to the financial statements (continued)
For the year ended 30 April 2023

2. Accounting policies (continued)

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. *Accounting policies (continued)*

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit and loss account immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the profit and loss account depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of variable interest rate risk of the cash flows associated with recognised debt instruments measured at amortised cost and in respect of foreign exchange risk in firm commitments and highly probable forecast transactions.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with the clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge and on an ongoing basis, the Group assesses whether the hedging instrument is highly effective in offsetting the designated hedged risk.

The effective portion of changes in the fair value of the designated hedging instrument is recognised in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts previously recognised in the statement of comprehensive income and accumulated in equity are reclassified to the profit and loss account in the period in which the hedged item affects the profit and loss account or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to the profit and loss account when the hedged item is recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to the profit and loss account.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)
For the year ended 30 April 2023

2. **Accounting policies (continued)**

Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

In most jurisdictions in which the Group operates, the taxation payable on the entity and branch profits in that jurisdiction is the personal liability of the members. Consequently, neither the taxation, nor related deferred taxation, for those entities or branches are accounted for in the financial statements. The personal tax liabilities of members are administered by the Group. Sums set aside in respect of members' tax obligations are included in the balance sheet within loans and other debts due to members or set against amounts due from members as appropriate.

In some jurisdictions, the Group is liable for the taxation payable on the entity and branch profits in that jurisdiction. The tax expense represents the sum of the current and deferred tax relating to those entities and branches that are liable to tax on their profits. The current tax expense is based on taxable profits of those entities and branches.

Members' interests

Members' capital is repayable on retirement of the member and is therefore classified as a liability. As members may retire with less than one year's notice and typically have their capital repaid within one year of serving notice, members' capital is shown as being due within one year.

Divisible profits and members' remuneration

Interest earned on Members' balances and similar allocations are automatically allocated and are treated as Members' remuneration charged as an expense in the profit and loss account in arriving at profit available for discretionary division among members.

The remainder of profit shares, which have not been allocated until after the balance sheet date, are treated in these financial statements as unallocated at the balance sheet date and included within Members' other reserves.

Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. The resulting exchange differences are dealt with in the profit and loss account.

The results of international offices which have functional currencies other than pound sterling have been translated at the average rate for the year. The assets and liabilities of those offices are translated at the rate ruling at the balance sheet date. The resulting exchange difference arising is recognised in the statement of comprehensive income.

2. Accounting policies (continued)

Leases

Rentals on operating leases are charged to the profit and loss account on a straight-line basis over the lease term. An operating lease is a lease in which the lessee has not taken on substantially all the risks and rewards of ownership of the leased asset.

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of the leased asset to the lessee, which is accounted for as if it were an asset of the lessee. Payments made under finance leases are apportioned between financing costs and the reduction of the outstanding liability. The financing costs are allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease incentives

The benefits of incentives to sign property leases, including rent-free periods, are spread on a straight-line basis over the lease term.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Professional liability claims

The Group and its members are involved in a number of disputes in the ordinary course of business which may give rise to claims or regulatory proceedings. A provision representing the cost of defending and concluding claims or regulatory proceedings is made for all matters where costs are likely to be incurred and can be reliably measured. The Group carries professional indemnity insurances and no separate disclosure is made of the detail of claims as to do so could seriously prejudice the position of the Group in defending the claims or regulatory proceedings.

The estimations of professional liability claims requires professional judgement, and professional liability claims can take several years to assess and settle. Where claims are at an early stage, management may be unable to reliably measure the value of the claim. In such cases professional liability provisions are based on the costs of defending the claim. When a claim can eventually be reliably measured the total value of the claim is recognised as an other creditor or provision, as appropriate.

Notes to the financial statements (continued)
For the year ended 30 April 2023

2 Accounting policies (continued)

Employee benefits

The defined benefit scheme is accounted for in accordance with FRS 102 section 28. The operating and financing costs of pensions are charged to the profit and loss account in the period in which they arise and are recognised within staff costs. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The differences between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of comprehensive income. Pension costs are assessed in accordance with the advice of independent qualified actuaries.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group in separate trustee-administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

Where the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan will have a surplus. The surplus will be recognised as a defined benefit plan asset only to the extent that the firm is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

For the defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Annuities payable to members are provided for in full as the benefit accrues. The differences arising on changes in actuarial assumptions are recognised in the statement of comprehensive income. Where necessary, annuity costs are assessed in accordance with the advice of independent qualified actuaries.

Other retirement benefits are provided in full as the benefit accrues. The differences arising on changes in actuarial assumptions are recognised in the statement of comprehensive income. Other retirement benefit costs are assessed in accordance with the advice of independent qualified actuaries.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Group's Management Committee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3.1 Critical judgements in applying the accounting policies

Recognition of pension scheme asset

The Group has taken legal advice before recognising a defined benefit surplus as a pension scheme surplus asset and are comfortable that it is reasonable to do so.

Notes to the financial statements (continued)
For the year ended 30 April 2023

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.2 Key sources of estimation uncertainty

Impairment of debtors

The Group makes an estimate of the recoverable value of trade debtors and other debtors. When assessing impairment of trade debtors and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 14 for the net carrying amount of the Group's debtors.

Revenue recognition – accrued income

In accordance with the Group's accounting policy for revenue recognition, the value of unbilled income is determined on the basis of anticipated recovery levels in respect of unbilled time and adjustments in relation to contingent fees. See note 14 for the carrying amount of the Group's accrued income.

Valuation of pension scheme asset

The pension scheme assets in respect of the defined benefit schemes have been independently valued by actuaries based on information provided by the Group. The assumptions are set out in note 17 and have been determined having taken advice from the independent actuaries. The measurement of defined benefit pension assets is dependent upon material key assumptions, including discount rates, life expectancy rates, future returns on assets and future contribution rates.

Provision for professional liability claims

The liabilities recognised and disclosed for claims and regulatory proceedings are determined by assessing the probable outcomes of claims and regulatory proceedings and estimating the level of costs likely to be incurred in defending and concluding on these claims. The estimations of professional liability claims requires professional judgement, and professional liability claims can take several years to assess and settle.

4. Turnover

The analysis of the Group's turnover by geographical market is set out below:

	2023 £'000	2022 £'000
United Kingdom	297,340	286,354
Rest of Europe	163,566	149,266
Rest of world	98,332	85,304
	559,238	520,924

Turnover represents income earned from the provision of legal services.

Norton Rose Fulbright LLP

Notes to the financial statements (continued)
For the year ended 30 April 2023

5. Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2023 £'000	2022 £'000
Property rental and service charges	5,198	5,617

6. Finance costs (net)

	2023 £'000	2022 £'000
Interest payable and similar charges on bank loans and overdrafts	255	1
Interest income	(921)	(42)
Net finance income of pension and other retirement schemes	(933)	(113)
	(1,599)	(154)

7. Profit before taxation and members' remuneration and profit shares

Profit before taxation and members' remuneration and profit shares is stated after charging/(crediting):

	2023 £'000	2022 £'000
Depreciation expense	6,861	7,111
(Gains) / losses on disposal of property, plant and equipment	(13)	140
Operating lease rentals – property	26,838	24,370
Operating lease rentals - plant and machinery	270	331
Foreign exchange losses / (gains)	2,919	(3,321)

Notes to the financial statements (continued)
For the year ended 30 April 2023

7. Profit before taxation and members' remuneration and profit shares (continued)

The analysis of the auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the auditor and its associates for the audit of the Partnership's annual accounts	175	148
Fees payable to the auditor and its associates for the audit of the subsidiaries	264	225
Total audit fees	439	373
Other services pursuant to legislation	90	105
Other services related to taxation	153	179
Other services	66	158
Total non-audit fees	309	442
Fees payable to the auditor in respect of the audit of the pension scheme	27	27
Total fees payable to the LLP's auditor	775	842

8. Staff costs

The average monthly number of employees (excluding members) was:

	2023 £'000	2022 No.
Fee earners (excluding members)	1,114	1,079
Business services	1,120	1,050
	2,234	2,129

Notes to the financial statements (continued)
For the year ended 30 April 2023

8. Staff costs (continued)

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	226,480	210,156
Social security costs	19,624	15,126
Pension costs	5,904	4,500
	252,008	229,782

Staff numbers and costs include staff on client secondments.

9. Tax on profit

The taxation payable on profits of the Partnership is the personal liability of the partners and is not dealt with in these financial statements. Accordingly, the disclosures provided below relate only to current and deferred tax in respect of the corporate subsidiaries. The tax charge comprises:

	2023 £'000	2022 £'000
Current taxation		
Tax on profit subject to taxation	4,173	3,686

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2023 £'000	2022 £'000
Profit before taxation	160,357	159,636
Amounts subject to personal taxation	(144,462)	(149,744)
Profit subject to taxation	15,895	9,892
Tax on Group profit of ordinary activities at standard UK corporation tax rate of 19.5%* (2022: 19%)	3,100	1,879
Effects of:		
Expense not deductible in determining taxable profit	446	109
Different tax rates and bases in other jurisdictions	416	59
Losses not relieved	421	1,639
Prior year adjustments	(210)	-
Group tax charge for the year	4,173	3,686

** 11 months at corporate tax rate of 19% and 1 month at corporate tax rate of 25%.*

In May 2021 the previously announced increase in the UK corporate tax rate from 19% to 25% was substantively enacted and became effective on 1 April 2023.

Notes to the financial statements (continued)
For the year ended 30 April 2023

10 Members' remuneration and transactions

Profits are shared among the members in accordance with agreed profit sharing arrangements and include interest on members' fund.

The profit attributable after the year end to the member with the largest entitlement was £2,109,000 (2022: £2,077,380).

The average number of members during the year was 248 (2022: 247).

11. Profit of the Limited Liability Partnership

As permitted by Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, no separate profit and loss account or statement of comprehensive income is presented in respect of the LLP. The profit for the year available for discretionary division among the members was £140,092,000 (2022: £143,733,000).

12. Tangible assets

Group	Assets under construction	Leasehold improve-ments	Fixtures and fittings	Information technology	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2022	1,802	59,013	7,886	18,061	46	86,808
Additions	15,251	10,037	1,061	2,332	-	28,680
Disposals	(2,172)	(7,325)	(2,626)	(1,767)	-	(13,889)
Transfers	(4,135)	111	219	3,805	-	-
Exchange adjustment	23	262	249	292	-	826
At 30 April 2023	10,769	62,098	6,789	22,723	46	102,425
Depreciation						
At 1 May 2022	-	42,723	6,882	13,259	46	62,910
Charge for the year	-	3,580	1,061	2,221	-	6,861
Disposals	-	(4,275)	(1,460)	(661)	-	(6,396)
Exchange adjustment	-	184	171	221	-	576
At 30 April 2023	-	42,212	6,654	15,039	46	63,952
Net book value						
At 30 April 2023	10,769	19,886	134	7,684	-	38,473
At 30 April 2022	1,802	16,290	1,004	4,802	-	23,898

Notes to the financial statements (continued)
For the year ended 30 April 2023

12. Tangible assets (continued)

LLP	Assets under construction	Leasehold improve-ments	Fixtures and fittings	Information technology	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 May 2022	1,744	45,001	4,287	10,763	61,795
Additions	14,222	9,477	863	2,101	26,663
Disposals	(2,172)	(5,285)	(2,077)	(2,122)	(11,656)
Transfers	(4,074)	111	219	3,744	-
Exchange adjustment	65	173	168	160	565
At 30 April 2023	9,785	49,478	2,960	15,145	77,368
Depreciation					
At 1 May 2022	-	31,379	3,869	7,175	42,423
Charge for the year	-	2,402	891	1,919	5,212
Disposals	-	(2,818)	(1,477)	(604)	(4,899)
Exchange adjustment	-	240	143	124	508
At 30 April 2023	-	31,203	3,426	8,614	43,244
Net book value					
At 30 April 2023	9,785	18,275	33	6,032	34,124
At 30 April 2022	1,744	13,622	418	3,588	19,372

13. Fixed asset investments

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investments	-	-	283	191
Investments in associates				
Cost	-	-	-	-
Share of post-acquisition reserves	591	627	-	-
Investments at 30 April 2023	591	627	-	-

Notes to the financial statements (continued)
For the year ended 30 April 2023

13 Fixed asset investments (Continued)

The LLP's subsidiary undertakings and their main activities are:

Subsidiary undertakings	Country of incorporation	Registered office	Principal activity	Proportion of voting rights and shares held
Norton Rose Fulbright (Central Europe) LLP*	England and Wales	3 More London Riverside, London SE1 2AQ	Provision of legal services and holding LLP	100%
Norton Rose Fulbright Dyczkowski and Partners Limited Partnership	Poland	Metropolitan Building, Plac Piłsudskiego 2, 00-073 Warsaw, Poland	Provision of legal services	100%
Norton Rose Fulbright Sp z.o.o	Poland	Metropolitan Building, Plac Piłsudskiego 2, 00-073 Warsaw, Poland	Service and holding company	100%
Norton Rose Fulbright (Middle East) LLP *	England and Wales	3 More London Riverside, London SE1 2AQ	Provision of legal services and holding LLP	100%
Norton Rose Service Company (Dubai) Limited	Dubai	ICD Brookfield Place, Level 12, Dubai International Financial Centre, P.O. Box 103747, Dubai, United Arab Emirates	Service company	100%
Norton Rose Fulbright (Asia) LLP*	England and Wales	3 More London Riverside, London SE1 2AQ	Provision of legal services and holding LLP	100%
Norton Rose Fulbright (Thailand) Limited	Thailand	Office 25.07, Level 25, Gaysorn Tower, 127 Ratchadamri Road, Pathumwan, Bangkok, 10330, Thailand	Provision of legal services and holding company	74%
Esor Holdings Limited**	Thailand	Office 25.07, Level 25, Gaysorn Tower, 127 Ratchadamri Road, Pathumwan, Bangkok, 10330, Thailand	Holding company	49%
Norton Rose Fulbright Hong Kong	Hong Kong	38/F Jardine House, 1 Connaught Place, Central, Hong Kong	Provision of legal services	100%
Norton Rose Fulbright (Services) Limited	Hong Kong	38/F Jardine House, 1 Connaught Place, Central, Hong Kong	Service company	100%
Norton Rose Fulbright Services Pte Limited	Singapore	9 Straits, ViewMarina, One West Tower#09-09, Singapore 018937, Singapore	Provision of legal services and service company	100%

Notes to the financial statements (continued)
For the year ended 30 April 2023

Subsidiary undertakings	Country of incorporation	Registered office	Principal activity	Proportion of voting rights and shares held
Norton Rose Fulbright Studio Legale**	*Italy*	*Piazza San Babila, 1,* 20122 Milan, Italy	*Provision of legal* services	-
NR Property Agents Limited*	England and Wales	3 More London *Riverside, London SE1* 2AQ	Provision of *building services*	100%
Norton Rose Fulbright Services*	England and Wales	3 More London Riverside, London SE1 2AQ	Service company	100%
Norton Rose Fulbright (Kazakhstan) Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	No longer trading	100%
Norton Rose Fulbright (Germany) LLP	England and Wales	3 More London Riverside, London SE1 2AQ	No longer trading	100%
Norton Rose Fulbright Morocco SARL d'associe unique*	Morocco	Immeuble Merbouha, 10 bis rue Ali Abderrazak, Casablanca, Morocco	Provision of legal services	100%
Norton Rose Fulbright,Cheilas, Tsohou, Koroxenidis, Platsidaki and Partners Law Firm**	Greece	4th floor, 67, Akti Miaouli, 185 37, Piraeus	Provision of legal services	-
Norton Rose Fulbright Monaco SAM	Monaco	Gildo Pastor Center, 7 rue de Gabian, MC98000 *Monaco*	Provision of legal services	100%
Norton Rose Fulbright Luxembourg SCS	Luxembourg	16 Boulevard Royal, L-2449, Luxembourg	Provision of legal services	100%
Norton Rose Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norose Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norose Notices Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%

Notes to the financial statements (continued)
For the year ended 30 April 2023

Subsidiary undertakings	**Country of *incorporation***	***Registered office***	***Principal activity***	**Proportion of voting rights and shares held**
Norose Service Company*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose (Advisory Services) Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose (Consultancies) Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norose Company Secretarial Services Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose Trusts Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose Trusts Two Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Kempson House Limited*	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
NR (Operations Kazakhstan) Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose Innovation Services Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose Covenant Trustee Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%
Norton Rose Fulbright Pension Trustee Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Dormant	100%

The proportion of shares held is in the only class of share capital issued by the investee.

* Directly owned by Norton Rose Fulbright LLP.

**Consolidated as Norton Rose Fulbright LLP has the power to exercise, or actually exercises dominant influence or control over this entity.

Notes to the financial statements (continued)
For the year ended 30 April 2023

13. Fixed asset investments (continued)

The LLP's associate and investment undertakings and their main activities are:

Associates	Country of incorporation	Registered office	Principal activity	Proportion of voting rights and shares held
Ascendant Legal LLC	Singapore	9 Straits View, Marina One West Tower, #09-09, Singapore 018937	Provision of legal services	33%

Investments	Country of incorporation	Registered office	Principal activity	Proportion of voting rights and shares held
Norton Rose Fulbright Development Holdings Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Holding company	20%
Norton Rose Fulbright Development Services Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Contracting company	20%*
Norton Rose Fulbright Development Services (Two) Limited	England and Wales	3 More London Riverside, London SE1 2AQ	Contracting company	20%*

* Held indirectly by Norton Rose Fulbright Development Holdings Limited.

Notes to the financial statements (continued)
For the year ended 30 April 2023

14. Debtors

		Group		LLP	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade debtors		153,392	145,416	118,392	110,347
Accrued income		91,531	81,641	65,126	55,267
Amounts owed by Group undertakings		-	-	96,241	110,049
Other debtors		26,521	22,364	18,511	15,287
Amounts owed by members		14,855	8,203	14,855	8,203
Prepayments		21,473	19,917	19,622	19,087
Derivative financial instruments	20	5,388	2,217	5,388	2,217
		313,160	279,758	338,135	320,457

Amounts owed by Group undertakings are interest free and repayable on demand.

15. Creditors

		Group		LLP	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Creditors: amounts falling due within one year					
Banks loans and overdrafts	16	19,000	-	19,000	-
Tax and social security		20,300	24,721	8,913	8,949
Trade creditors		28,012	28,798	22,444	22,576
Amounts due to Group undertakings		-	-	149,343	140,927
Other creditors		71,272	59,106	61,897	48,380
Accruals and deferred income		35,393	25,069	7,136	18,549
Derivative financial instruments	20	2,907	6,332	2,907	6,332
		176,884	144,026	271,639	245,713

Amounts due to Group undertakings are interest free and repayable on demand.

Notes to the financial statements (continued)
For the year ended 30 April 2023

15. Creditors (continued)

	Group		LLP	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Creditors: amounts falling due after more than one year				
Accruals and deferred income	11,070	10,339	11,070	10,339

16. Loans and borrowings

Borrowings are repayable as follows:

		Group		LLP	
		2023	2022	2023	2022
	Note	£'000	£'000	£'000	£'000
Bank loans					
On demand or within one year	15	19,000	-	19,000	-

The firm incurs varying interest charges plus margin (1.35%) on its borrowing facilities.

Net cash/loans and borrowings are as follows:

	2022	Cash flow	Exchange movement	2023
	£'000	£'000	£'000	£'000
Cash in hand and at bank	47,145	(38,144)	12,214	21,215
Bank loans due within one year	-	(19,000)	-	(19,000)
Net cash	47,145	(57,144)	12,214	2,215

Notes to the financial statements (continued)
For the year ended 30 April 2023

17. Provisions

Group and LLP	Member and former member annuity obligation £000	Other retirement benefits £000	Total £000
At 1 May 2022	1,311	339	1,650
Charged to profit and loss account	24	10	34
Credited to other comprehensive income	21	(27)	(6)
Provisions used	(214)	(32)	(246)
At 30 April 2023	1,142	290	1,432

The provision for member and former member annuity obligations represents the amounts payable to certain members and former members of the LLP. There are a number of current members who may be entitled to an annuity if they meet certain conditions when they retire. No entitlement exists until those conditions are met. Once an entitlement has been established a provision is made. The provision is used to meet those liabilities as they fall due.

The provision for other retirement benefits represents the cost of providing pensions to former employees not included in the pension scheme. It also includes the cost of providing medical benefits to certain former members and employees. There will be no new entitlements so the provision will reduce as the provision is used to meet liabilities as they fall due.

18. Employee benefits

Defined contribution schemes

The Group provides defined contribution pension benefits to eligible staff through a number of defined contribution pension schemes. The total expense charged to the profit and loss account for the year was £5,904,000 (2022: £4,500,000).

Defined benefit pension schemes

The Group participates in the Norton Rose Retirement Benefits Scheme ("the Scheme") which provides its members with defined benefits related to salary and service. The Scheme's assets are held in a separate trustee-administered pension fund. The Scheme is closed to new members.

The last funding valuation of the Scheme was carried out by a qualified actuary as at 1 May 2022. The results of the latest funding valuation at 1 May 2022 have been adjusted to the balance sheet date taking account of experience over the period, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, the related current service cost and any past service costs were measured using the Projected Unit Credit Method.

Notes to the financial statements (continued)
For the year ended 30 April 2023

18. Employee benefits (continued)

The principal assumptions used by the independent qualified actuary to calculate the liabilities are set out below:

	2023 %	2022 %
Inflation - Retail Price Index	3.2	3.4
Inflation - Consumer Price Index	2.6	3.2
Rate of general long-term increases in salaries	4.2	4.4
Pension increases (LPI 5%)	3.0	3.2
Pension increases (LPI 2.5%)	2.1	2.2
Discount rate for Scheme Liabilities	4.8	3.1

The mortality assumptions are set out below:

	2023 year	2022 year
Life expectancy for male currently aged 65	21.9	22.3
Life expectancy for female currently aged 65	24.0	24.3
Life expectancy at 65 for male currently aged 45	23.8	24.2
Life expectancy at 65 for female currently aged 45	26.0	26.3

The assumptions for 2023 are based on S2PA tables with best estimate scaling factors derived from the 2018 AHLM analysis, improvements in line with the CMI 2021 projections and a long-term rate of improvement of 1.5% a year.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2023 £'000	2022 £'000
Current service cost	-	-
Interest income	(966)	(113)
Charge to the profit and loss account	(966)	(113)

The amounts recognised in the statement of comprehensive income are:

	2023 £'000	2022 £'000
Asset losses arising during the year	(45,404)	(4,294)
Liability gains arising during the year	35,199	20,959
Total amount recognised in the statement of comprehensive income	(10,205)	16,665

Under the terms of the pension scheme rules and trust deed the firm has an unconditional right to a recover the surplus at a point in future. The surplus has been recognised as a defined benefit plan asset at 30 April 2023.

Notes to the financial statements (continued)
For the year ended 30 April 2023

18. Employee benefits (continued)

The amounts recognised in the balance sheet are as follows:

	2023 £'000	2022 £'000
Fair value of scheme assets	119,416	164,506
Present value of defined benefit obligation	(97,490)	(133,341)
Net asset recognised in the balance sheet	21,926	31,165

Movements in the fair value of scheme assets were as follows:

	2023 £'000	2022 £'000
At 1 May	164,506	161,001
Return on plan assets, excluding amounts included in interest income	5,027	3,216
Gains/(losses) on plan assets	(45,404)	(4,294)
Employer contributions	-	9,667
Benefits paid	(4,713)	(5,084)
At 30 April	119,416	164,506

Movements in the present value of defined benefit obligations were as follows:

	2023 £'000	2022 £'000
At 1 May	133,341	157,698
Past service cost	-	(1,417)
Interest cost	4,061	3,103
Actuarial gains on plan liabilities	(35,199)	(20,959)
Benefits paid	(4,713)	(5,084)
At 30 April	97,490	133,341

Notes to the financial statements (continued)
For the year ended 30 April 2023

18. Employee benefits (continued)

The analysis of the scheme assets at the balance sheet date was as follows:

	Value at 30 April 2023 £'000	%	Value at 30 April 2022 £'000	%
Equities	834	1%	48,229	29%
Government bonds	86,311	72%	69,550	42%
Dynamic asset allocation	29,170	24%	45,338	28%
Broad bonds	35	0%	38	0%
Cash, swaps and other	3,066	3%	1,351	1%
Total market value of assets	119,416		164,506	

19. Financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	Group 2023 £'000	2022 £'000
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (note 14)	153,392	167,780
• Amounts owed by members (note 14)	14,855	8,203
Measured at fair value in an effective hedging relationship		
• Derivative financial instruments (note 14)	5,388	2,217
	173,635	178,200

Notes to the financial statements (continued)
For the year ended 30 April 2023

19. Financial instruments (continued)

	2023 £'000	2022 £'000
Financial liabilities		
Measured at undiscounted amount payable		
• Trade and other creditors (note 15)	99,284	87,904
Measured at fair value in an effective hedging relationship		
• Derivative financial instruments (note 15)	2,907	6,332
	102,191	94,236

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2023 £'000	2022 £'000
Interest expense		
Total interest expense on bank loans and overdrafts	255	1
Fair value gains and losses		
On derivative financial liabilities designated in an effective hedging relationship loss / (gain) (note 20)	2,481	(4,115)

20. Derivative financial instruments

	Group		LLP	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Forward foreign currency contracts	3,041	1,426	3,041	1,426
Interest rate swaps	2,347	791	2,347	791

	Group		LLP	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Liabilities				
Forward foreign currency contracts	2,907	5,537	2,907	5,537
Interest rate swaps	-	795	-	795

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Notes to the financial statements (continued)
For the year ended 30 April 2023

21. Consolidated cash flow statement

Reconciliation of operating profit to cash generated by operations:

	Note	2023 £'000	2022 £'000
Operating profit		162,646	160,615
Adjustment to cash flow from non-cash items:			
Depreciation	7	6,861	7,111
Loss on disposal of tangible fixed assets	7	(13)	140
Operating cash flow before movement in working capital:		169,494	167,866
Working capital adjustments:			
Increase in debtors		(31,809)	(30,874)
Decrease in pension surplus		-	(10,724)
Increase in creditors		21,902	36,470
Decrease in provisions		-	(754)
Cash generated by operations		159,587	161,984
Income taxes paid		(8,264)	(5,782)
Net cash inflow from operating activities		151,323	156,202

Net debt reconciliation

	1 May 2022 £'000	Cash flows £'000	Other non-cash changes £'000	Changes in exchange rates £'000	30 April 2023 £'000
Cash at bank and in hand	47,145	(38,144)	-	12,214	21,215
Bank loans	-	(19,000)	-	-	(19,000)
Net cash (before members' debt)	47,145	(57,144)	-	12,214	2,215
Members' capital classified as a liability	(71,481)	690	-	-	(70,791)
Other amounts due to members	(155,097)	-	19,909	-	(135,188)
Net debt	(179,433)	(56,454)	19,909	12,214	(203,764)

Notes to the financial statements (continued)
For the year ended 30 April 2023

22. Related party transactions

Some members of the LLP are Trustees of The Norton Rose Charitable Foundation (the "Foundation"), a company limited by guarantee whose activities and net assets are not consolidated in these financial statements. In the year ended 30 April 2023 the LLP donated £432,099 (2022: £433,882) to the Foundation.

Transactions between the LLP and its subsidiary undertakings, which are related parties, have been eliminated on consolidation. The LLP has taken advantage of the exemption contained in FRS 102 Related Parties and has therefore not disclosed balances with wholly-owned subsidiaries in the LLP balance sheet.

The Group provided services in the year to a related party, Norton Rose Fulbright Development Services Limited ('NDSL'), amounting to £1,517,000 (2022: £ 1,616,000). NDSL provided services to the Group amounting to £14,322,000 (2022: £13,171,000). At 30 April 2023, the Group had a balance of £1,249,000 (2022: £1,803,000) due to NDSL.

The group also provided services in the year to a related party, Norton Rose Fulbright Development Services (Two) Limited ("NDSL2"), amounting to £7,796,000 (2022: £6,720,000). NDSL2 provided services to the Group amounting to £13,710,000 (2022: £9,518,000). At 30 April 2023, the Group had a balance of £384,000 (2022: £553,000) due to NDSL2.

The total remuneration of the key management personnel, including profit attributable after the year end, was £5,569,021 (2022: £5,070,644).

23. Contingent liabilities

In the prior year the LLP had guaranteed part of a bank loan to a related party, Norton Rose Fulbright Development Services Limited. This was repaid by the year end, consequently at 30 April 2023 the LLP had guaranteed £nil (2022: £4,880,282).

The Group and its members are involved in a small number of claims from clients and disputes in the ordinary course of business which may or may not result in a liability for the firm and where it is not possible to reliably estimate a possible obligation at the balance sheet date. Also, the Group carries professional indemnity insurance which covers such matters and any net cash-out flow for the firm would be immaterial. No separate disclosure is made of the detail of such contingent liabilities as to do so could seriously prejudice the position of the Group in defending the claims in legal and regulatory proceedings.

Notes to the financial statements (continued)
For the year ended 30 April 2023

24. Financial commitments

Capital commitments are as follows:

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023		2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
- within one year	26,629	74	26,193	143
- between one and five years	93,685	123	96,571	133
- after five years	55,904	-	68,273	33
	176,218	196	191,037	309
LLP				
- within one year	20,708	18	22,001	128
- between one and five years	78,236	57	84,713	56
- after five years	55,904	-	66,099	-
	154,848	75	172,813	184

25. Controlling party

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