

**Dentons Europe
(London) Limited**

Report and Financial Statements

Year Ended

31 December 2019

Company number 11285815

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Dentons Europe (London) Limited

Annual report and financial statements for the year ended 31 December 2019

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Directors

Evgenia Laurson
Tomasz Dabrowski

Registered Office

One Fleet Place, London EC4P 4GD

Company Number

11285815

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Dentons Europe (London) Limited

Report of the directors for the year ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Directors

The directors of the company during the year and since year end were Evgenia Laurson and Tomasz Dabrowski.

No director had any interest in the ordinary shares of the company.

Principal activities, trading review

Dentons Europe (London) Limited is a provider of legal services, operating in the United Kingdom.

The statement of income and retained earnings is set out on page 7 and shows a profit for the year of £19,427 (2018 loss - £48,711).

Going concern

Dentons Europe (London) Limited has net liabilities of £29,283 (2018:£48,710).

Dentons Europe (London) Limited is primarily funded by its controlling entity, Dentons Europe LLP. Reimbursements of receivables and payables in the group and any loans within the group are largely managed with respect to the cash flow needs of both Dentons Europe (London) Limited and the entire Dentons Europe LLP Group. Dentons Europe LLP monitors treasury functions for most of the Group centrally and has the ability to repatriate and manage cash around the majority of the Group's offices to where it is required. To this end, Dentons Europe LLP has signed a letter of support that has confirmed the intention and ability to continue to provide financial support as and when required to enable Dentons Europe (London) Limited to continue to meet its external obligations without compromising its ability to remain as a going concern.

Dentons Europe Group in its capacity as provider of financial support above, continues to monitor developments of the coronavirus COVID-19 pandemic closely and notes the uncertainty that continues to exist. The impact on demand across the Dentons Europe Group varies in different countries and in various sectors and practice groups. The most affected practice groups are Real Estate and Corporate while some other practice groups (Litigation, Employment) perform better than forecasted. Due to partial or full switch to remote working in various locations, the Dentons Europe Group has not experienced any significant impacts on service delivery to its clients. Overall, it is currently difficult to assess the exact impacts on the clients and the degree of negative impacts on the Dentons Europe Group. However Dentons Europe Group has not identified any significant threats arising from the coronavirus COVID-19 pandemic that would affect its business continuing to operate as a going concern.

Dentons Europe Group has performed a sensitivity analysis that gives the likely impact on cash flows and cash position at different levels of revenue (measured internally on modified cash basis), as impacted by the crisis. The analysis builds in compliance with any bank covenants and models three scenarios: (i) no change in 2020 revenue compared to 2019, (ii) decline in revenue by 8% and (iii) decline in revenue by 15%.

Dentons Europe (London) Limited

Report of the directors for the year ended 31 December 2019 *(Continued)*

Going concern *(Continued)*

The results of the sensitivity analysis performed through to December 2021 shows that a 15% decline in revenues can be absorbed by the Group with limited cost saving actions and cash flow deferrals needing to be implemented in order to maintain a positive liquidity position and comply with covenants against our facility agreement.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business, including a deferral of distribution of 2019 partners' profit shares, a delay or cancellation of discretionary capital expenditures, reduction in operating expenses and cancellations of various internal and client events planned for 2020. Dentons Europe Group currently believes it is unlikely that it will need to take additional measures during remainder of 2020 or course of 2021, but Dentons Europe Group has the flexibility and is ready to take further measures should the market situation worsen. The management have stated that they are able to increase savings through further negotiations with suppliers, lessors etc. In respect of direct costs, the management also have a large degree of cost flexibility since many lawyers are self-employed.

Moreover, management have extended their analysis of future cash flows until December 2021, and it shows positive liquidity available at that time.

The directors consider Dentons Europe (London) Limited to remain a going concern and the accounts have been prepared on the going concern basis as a consequence.

Dentons Europe (London) Limited

Report of the directors for the year ended 31 December 2019 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and in the Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to :

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

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

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to themselves aware of any relevant audit information and to establish that the auditors are aware of that information. *The directors are not aware of any relevant information of which the company's auditor is unaware.*

The independent auditors of Dentons Europe (London) Limited are BDO LLP.

In preparing this directors' report advantage has been taken of the small companies exemption.

By order of the Board



Tomasz Dabrowski
Director

30 December 2020

Dentons Europe (London) Limited

Independent auditor's report for the year ended 31 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF DENTONS EUROPE (LONDON) LIMITED

Opinion

We have audited the financial statements of Dentons Europe (London) Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of income and retained earnings, Statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Dentons Europe (London) Limited

Independent auditor's report for the year ended 31 December 2019 (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Dentons Europe (London) Limited

Independent auditor's report for the period ended 31 December 2019 (*Continued*)

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors 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 Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company 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 Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Andrew William Radford (senior statutory auditor)
For and on behalf of BDO LLP, Statutory Auditor
London United Kingdom
30 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Dentons Europe (London) Limited

Statement of income and retained earnings for the year ended 31 December 2019

	Note	2019 £	Period from 3 April 2018 to 31 December 2018 £
Turnover	3	1,388,123	56,574
Operating expenses	5	(1,364,963)	(105,285)
Operating profit/(loss)		23,160	(48,711)
Interest expense		(3,733)	-
Profit/(loss) before taxation		19,427	(48,711)
Taxation charge	6	-	-
Income/(loss) for the period and total comprehensive loss		19,427	(48,711)
 Profit and loss account at beginning of period		 (48,711)	 -
Total comprehensive income/(loss) for the period		19,427	(48,711)
Profit and loss account at 31 December		(29,284)	(48,711)

All amounts relate to continuing activities.

The notes on pages 9 to 15 form part of these financial statements.

Dentons Europe (London) Limited

Statement of financial position at 31 December 2019

Registered number 11285815

	Note	2019 £	2018 £
Current assets			
Debtors	7	950,226	70,868
Cash at bank and in hand		470,589	43,825
		<u>1,420,815</u>	<u>114,693</u>
Creditors : amounts falling due within one year	8	(1,450,098)	(163,403)
Total net current liabilities		<u>(29,283)</u>	<u>(48,710)</u>
Total net liabilities		<u>(29,283)</u>	<u>(48,710)</u>
REPRESENTED BY :			
Share Capital and Reserves			
Called up share capital	9	1	1
Profit and loss account		(29,284)	(48,711)
Total Shareholder's deficit		<u>(29,283)</u>	<u>(48,710)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board on 30 December 2020

Tomasz Dabrowski
Director



30 December 2020

The notes on pages 9 to 15 form part of these financial statements.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Dentons Europe (London) Limited is a company incorporated in England and Wales under the Companies Act 2006.

The financial statements have been prepared in sterling under the historical cost convention in accordance with FRS 102 Section 1A Small Entities.

The consolidated accounts of Dentons Europe LLP, into which Dentons Europe (London) Limited is consolidated, are available publicly from the Registrar of Companies. The address of Dentons Europe LLP's registered office is One Fleet Place, London, EC4P 4GD.

Going concern

Dentons Europe (London) Limited has net liabilities of £29,283 (2018:£48,710).

Dentons Europe (London) Limited is primarily funded by its controlling entity, Dentons Europe LLP. Reimbursements of receivables and payables in the group and any loans within the group are largely managed with respect to the cash flow needs of both Dentons Europe (London) Limited and the entire Dentons Europe LLP Group. Dentons Europe LLP monitors treasury functions for most of the Group centrally and has the ability to repatriate and manage cash around the majority of the Group's offices to where it is required. To this end, Dentons Europe LLP has signed a letter of support that has confirmed the intention and ability to continue to provide financial support as and when required to enable Dentons Europe (London) Limited to continue to meet its external obligations without compromising its ability to remain as a going concern.

Dentons Europe Group in its capacity as provider of financial support above, continues to monitor developments of the coronavirus COVID-19 pandemic closely and notes the uncertainty that continues to exist. The impact on demand across the Dentons Europe Group varies in different countries and in various sectors and practice groups. The most affected practice groups are Real Estate and Corporate while some other practice groups (Litigation, Employment) perform better than forecasted. Due to partial or full switch to remote working in various locations, the Dentons Europe Group has not experienced any significant impacts on service delivery to its clients. Overall, it is currently difficult to assess the exact impacts on the clients and the degree of negative impacts on the Dentons Europe Group. However Dentons Europe Group has not identified any significant threats arising from the coronavirus COVID-19 pandemic that would affect its business continuing to operate as a going concern.

Dentons Europe Group has performed a sensitivity analysis that gives the likely impact on cash flows and cash position at different levels of revenue (measured internally on modified cash basis), as impacted by the crisis. The analysis builds in compliance with any bank covenants and models three scenarios: (i) no change in 2020 revenue compared to 2019, (ii) decline in revenue by 8% and (iii) decline in revenue by 15%.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

1 Accounting policies (Continued)

Going concern (Continued)

The results of the sensitivity analysis performed through to December 2021 shows that a 15% decline in revenues can be absorbed by the Group with limited cost saving actions and cash flow deferrals needing to be implemented in order to maintain a positive liquidity position and comply with covenants against our facility agreement.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business, including a deferral of distribution of 2019 partners' profit shares, a delay or cancellation of discretionary capital expenditures, reduction in operating expenses and cancellations of various internal and client events planned for 2020. Dentons Europe Group currently believes it is unlikely that it will need to take additional measures during remainder of 2020 or course of 2021, but Dentons Europe Group has the flexibility and is ready to take further measures should the market situation worsen. The management have stated that they are able to increase savings through further negotiations with suppliers, lessors etc. In respect of direct costs, the management also have a large degree of cost flexibility since many lawyers are self-employed.

Moreover, management have extended their analysis of future cash flows until December 2021, and it shows positive liquidity available at that time.

The directors consider Dentons Europe (London) Limited to remain a going concern and the accounts have been prepared on the going concern basis as a consequence.

Turnover

Turnover represents the revenue earned for legal services performed during the period, net of any sales tax and discounts given to clients. Services provided to clients during the period which, were not yet invoiced to clients as of the date of the statement of financial position have been recognised as turnover on an assessment of fair value of the services provided, as of the date of the statement of financial position in accrued income. Disbursements incurred and billed to clients during the period are presented gross in revenue and operating expenses, as the firm is acting as principal in these transactions and bears the risk of dealing directly with suppliers.

Foreign currencies

In the financial statements of the company, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences arising are dealt with in the statement of income and retained earnings.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

1 Accounting policies (Continued)

Taxation

Corporate taxes are payable on taxable profits at current rates. The tax expense represents the sum of the tax currently payable and deferred tax.

Financial assets

Financial assets other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and hand.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual obligations of the instrument, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the management has made the following judgements:

Revenue Recognition - accrued revenue

The value of accrued revenue is derived on the basis of estimations and assumptions regarding the fair value of unbilled time at the year-end.

Trade Debtors

The recoverable value of trade debtors has been made on the basis of estimations and assumptions regarding their fair value. Management has analysed every item separately to calculate the trade debtors recoverability.

Dentons Europe (London) Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (Continued)

3 Turnover	Period from	
	2019	3 April 2018 to
	£	31 December 2018
		£
Fees	1,388,123	56,574
	<u>1,388,123</u>	<u>56,574</u>

Turnover relates entirely to the principal activity of providing legal services.

4 Directors and employees	Period from	
	2019	3 April 2018 to
	£	31 December 2018
		£
Staff costs consist of:		
Wages and salaries	957,068	66,837
Social security costs	119,594	5,545
Pension costs	70,727	3,332
	<u>1,147,389</u>	<u>75,714</u>

The average number of employees during the year was:	Number	Number
Professional staff	5.0	0.2
Administrative staff	3.0	0.4
	<u>8.0</u>	<u>0.6</u>

One director received a remuneration of £190,058 (2018:nil) in respect of his services to the company and the other is compensated for his services by the Group headed up by Dentons Europe LLP.

Retirement benefits are accruing to one director, who in the year earned entitlement to £9,249 (2018:nil).

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

5 Operating income/(loss)

		Period from 3 April 2018 to 31 December 2018
	2019	£
This is stated after charging :	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	3,604	2,326
Other Professional Fees	54,963	3,611
Travel expenses	37,624	323
Disbursement paid	38,847	-
Other operating expenses	82,536	23,311
	<u>217,573</u>	<u>29,571</u>

6 Taxation on profit from ordinary activities

The tax for the year differs from the standard rate of corporation tax in the UK. The differences are explained below :

		Period from 3 April 2018 to 31 December 2018
	2019	£
Profit/(loss) before tax :	19,427	(48,711)
	<u> </u>	<u> </u>
Tax at standard rate of corporation tax in the UK of 19%	3,691	(9,255)
Effects of :		
Losses not recognised as a deferred tax assets	-	9,255
Expenses not deductible for tax purposes	2,161	-
Prior period trading losses utilised against total profits	(5,852)	-
	<u> </u>	<u> </u>
Total charge of the period	<u>-</u>	<u>-</u>

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

7 Debtors

	2019 £	2018 £
Trade debtors	49,303	52,579
Amounts owed by group undertakings	812,282	-
Accrued income	85,090	18,289
Other debtors	3,551	-
	<u>950,226</u>	<u>70,868</u>

During the year, no impairments were recorded against trade debtors.

8 Creditors : amounts falling due within one year

	2019 £	2018 £
Taxation and social security	44,446	12,461
Amounts owed to group undertakings	1,333,513	118,224
Trade creditors	26,280	15,698
Corporation Tax	-	-
Accruals and deferred income	45,859	17,020
	<u>1,450,098</u>	<u>163,403</u>

The amounts owed to group undertakings are interest free, unsecured and repayable on demand except a loan granted by Dentons Europe LLP (£200,000, 2% interest) and repayable on 31 December 2020.

9 Share Capital

	2019 Number	2019 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (Continued)

10 Immediate and ultimate controlling party

The immediate and ultimate controlling party of Dentons Europe (London) Limited is Dentons Europe LLP.

The largest and smallest group in which the Limited Company's results are consolidated is that headed by Dentons Europe LLP, registered in England and Wales. The consolidated accounts are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

11 Subsequent events

On 11 March 2020, the World Health Organisation declared the outbreak of the novel coronavirus, COVID-19, a global pandemic

This is an unadjusting event after the statement of financial position date for the purposes of the 31 December 2019 financial statements of Dentons Europe (London) Limited and therefore while the assets and liabilities at the statement of financial position date have not been re-assessed in the light of pandemic, management have given due regard to the use of the going concern basis of accounting.

In the 31 December 2020 financial statements, management will consider the impact on the revenues, costs, assets and liabilities of Dentons Europe (London) Limited.

Except for the aforementioned, Dentons Europe (London) Limited's management is not aware of any material events that have occurred since the statement of financial position date that would have any impact on the financial statements as at 31 December 2019.