

**Dentons Europe
(London) Limited**

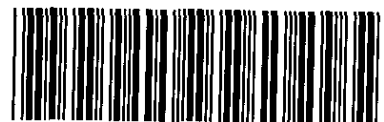
Report and Financial Statements

Year Ended

31 December 2020

Company number 11285815

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Dentons Europe (London) Limited

**Annual report and financial statements
for the year ended 31 December 2020**

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Directors

Evgenia Laurson
Tomasz Dabrowski

Registered Office

One Fleet Place, London EC4P 4GD

Company Number

11285815

Dentons Europe (London) Limited

Report of the directors for the year ended 31 December 2020

The directors present their report together with the unaudited financial statements for the year ended 31 December 2020.

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 4 and shows a loss for the year of £120,648 (2019 profit - £19,427).

Going concern

Dentons Europe (London) Limited has net liabilities of £149,931 (2019:£29,283).

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 in 2019 and 2020. 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 potentially impacted by the pandemic. The analysis builds in compliance with any bank covenants and models a worst case scenario of a decline in revenue by 15%.

Dentons Europe (London) Limited

Report of the directors for the year ended 31 December 2020 (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 the revolving credit facility agreement.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business, including a deferral of distribution of 2020 partners' profit shares, a limitation of discretionary capital expenditures, reduction in operating expenses and cancellations of various internal and client events planned for 2020 and 2021. Dentons Europe Group currently believes it is unlikely that it will need to take additional measures during the course of 2021 or 2022, 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 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 September 2022, 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 2020 (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.

By order of the Board



Tomasz Dabrowski
Director

30 September 2021

Dentons Europe (London) Limited

Statement of income and retained earnings for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	2,440,172	1,388,123
Operating expenses	5	(2,556,545)	(1,364,963)
Operating profit/(loss)		(116,373)	23,160
Interest expense		(4,275)	(3,733)
Profit/(loss) before taxation		(120,648)	19,427
Taxation charge	6	-	-
Income/(loss) for the period and total comprehensive loss		(120,648)	19,427
 Retained earnings at beginning of period		 (29,284)	 (48,711)
Total comprehensive income/(loss) for the period		(120,648)	19,427
Retained earnings at 31 December		(149,932)	(29,284)

All amounts relate to continuing activities.

The notes on pages 6 to 13 form part of these financial statements.

Dentons Europe (London) Limited

Statement of financial position at 31 December 2020

Registered number 11285815

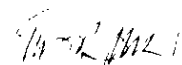
	Note	2020 £	2019 £
Fixed assets			
Tangible assets		919	-
		<u>919</u>	<u>-</u>
Current assets			
Debtors	7	1,670,224	950,226
Cash at bank and in hand		481,661	470,589
		<u>2,151,885</u>	<u>1,420,815</u>
Creditors : amounts falling due within one year	8	(2,302,735)	(1,450,098)
Total net current liabilities		<u>(150,850)</u>	<u>(29,283)</u>
Total net liabilities		<u>(149,931)</u>	<u>(29,283)</u>
REPRESENTED BY :			
Share Capital and Reserves			
Called up share capital	9	1	1
Retained earnings		(149,932)	(29,284)
Total Shareholder's deficit		<u>(149,931)</u>	<u>(29,283)</u>

For the year ending 31 December 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

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

The financial statements were approved by the Board on 30 September 2021



Tomasz Dabrowski
Director

The notes on pages 6 to 13 form part of these financial statements.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2020

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 £149,931 (2019:£29,283).

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 in 2019 and 2020. 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 potentially impacted by the pandemic. The analysis builds in compliance with any bank covenants and models a worst case scenario of a decline in revenue by 15%.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (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 the revolving credit facility agreement.

Further, Dentons Europe Group has implemented various measures that conserve cash within the business, including a deferral of distribution of 2020 partners' profit shares, a limitation of discretionary capital expenditures, reduction in operating expenses and cancellations of various internal and client events planned for 2020 and 2021. Dentons Europe Group currently believes it is unlikely that it will need to take additional measures during the course of 2021 or 2022, 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 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 September 2022, 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 and a corresponding asset recognised as 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 2020 (Continued)

1 Accounting policies (Continued)

Depreciation of tangible assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following annual rates on a straight basis :

Office equipment - 20% to 33%

Profits or losses arising from the disposal of fixed assets are included in other income.

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.

Dentons Europe (London) Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (Continued)

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. Statistical provisions have been applied to the unbilled time, taking into account the prior year's recoverability (percentage of realisation rate) in the calculation. Material estimation uncertainty arises in the application of statistical provisions to the gross unbilled time based on the performance year-on-year and variances of actuals against these estimates. The statistical percentage of realisation rate is adjusted annually.

Trade Debtors

The recoverable value of trade debtors has been made on the basis of estimations and assumptions regarding their fair value. Statistical provisions have been applied to calculate the trade debtors recoverability, taking into account the prior year's recoverability in the calculation. Material estimation uncertainty arises in the application of statistical provisions to the gross debtors based on the performance of individual offices year-on-year and variances of actuals against these estimates, however the statistical methodology is compared to previous years and adjusted if deemed necessary. Management regularly review and monitor such provisioning percentages to assure they remain materially acceptable.

Dentons Europe (London) Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (Continued)

3 Turnover

	2020 £	2019 £
Fees	2,440,172	1,388,123
	<u>2,440,172</u>	<u>1,388,123</u>

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

4 Directors and employees

	2020 £	2019 £
Staff costs consist of:		
Wages and salaries	1,720,208	957,068
Social security costs	221,790	119,594
Pension costs	107,504	70,727
	<u>2,049,502</u>	<u>1,147,389</u>

The average number of employees during the year was:

	Number	Number
Professional staff	8	5
Administrative staff	5	3
	<u>13</u>	<u>8</u>

One director received a remuneration of £188,671 (2019:£190,058) 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 (2019:£9,249).

Dentons Europe (London) Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (Continued)

5 Operating income/(loss)

This is stated after charging :	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	-	3,604
Other Professional Fees	6,127	54,963
Travel expenses	10,550	37,624
Disbursement paid	-	38,847
Other operating expenses	490,366	82,536
	<u>507,043</u>	<u>217,573</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 :

	2020	2019
	£	£
Profit/(loss) before tax :	(120,648)	19,427
	<u> </u>	<u> </u>
Tax at standard rate of corporation tax in the UK of 19%	(22,923)	3,691
Effects of :		
Losses not recognised as a deferred tax assets	1,826	-
Expenses not deductible for tax purposes	21,097	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 2020 (Continued)

7 Debtors

	2020 £	2019 £
Trade debtors	341,632	49,303
Amounts owed by group undertakings	1,043,479	812,282
Accrued income	266,592	85,090
Corporation Tax	8,336	-
Other debtors	10,185	3,551
	<u>1,670,224</u>	<u>950,226</u>

During the year, the trade debtor provision was increased by £34,374 (2019, nil).

8 Creditors : amounts falling due within one year

	2020 £	2019 £
Taxation and social security	68,078	44,446
Amounts owed to group undertakings	2,188,587	1,333,513
Trade creditors	28,256	26,280
Accruals and deferred income	5,073	45,859
Other creditors	12,741	-
	<u>2,302,735</u>	<u>1,450,098</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 2021.

Dentons Europe (London) Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (Continued)

9 Share Capital

	2020 Number	2019 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1

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.