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Law firm to reveal first full set of accounts

By Bob Sherwood, Legal Correspondent
 Published: July 11 2005 03:00 | Last updated: July 11 2005 03:00

Allen & Overy, one of the four biggest UK-based law firms, will today give an unprecedented insight into the finances of leading lawyers, as it publishes the first full set of accounts for such a partnership. The accounts will put the details of the firm's partners' earnings into the public domain. The most senior partners earned more than £1m, while even the most junior partners pocketed £401,000.

But more significant than the figures is the transparency of the firm's accounts. Law firms are notoriously reticent about their finances, with most giving only the sketchiest, and unverifiable, details of their results.

A&O insists its leading rivals will have to shed their cloak of secrecy if they are to be viewed as competent international businesses.

Guy Beringer, A&O's senior partner, said: "As a profession, if we are to be taken seriously, we need to move to a sensible reporting regime that is based on real figures, and not on those stage statistics that appear."

A&O is convinced some other top firms are less than frank about their profits. Most give a few details, compiled into league tables by trade journals. Mr Beringer added: "Our view is that there's a pretty ill-disciplined approach to stated profits per equity partner. We have a strong feeling those tables are unreliable."

The openness has been forced on the firm because of its conversion last year to limited liability partnership status, which requires the publication of accounts that comply with GAAP standards. A&O is the first big international firm to publish its audited accounts. Other law firms that are UK LLPs are smaller. US LLPs, which include Clifford Chance, the world's biggest law firm, are not required to publish their accounts in full.

David Morley, managing partner of A&O, said: "There is a trade-off between the limited liability wrapper and disclosure and we think it's a fair trade-off. We hope we are setting the standard for the profession."

The accounts show the firm raised its turnover by 2 per cent to £666m, making profits before tax of £244m, up 8 per cent on the previous year. The average profits per equity partner were £656,000.

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