

Thorntons Law LLP

**Report and financial statements for
year ended 31 May 2016**

Registered number SO300381

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Thorntons Law LLP

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Thorntons Law LLP

LLP information

Designated members

JS Robertson
SJ Brand
GJM Dunlop
GA Wilson
N Barclay
CT Graham
KW Thomson
SC Milne
GC Buchanan
BN Renfrew
SM Sutherland
CO Nicol
AJ McKeown
MRP Farquhar
LA Larg
CS MacPherson
GG McBean
DN Kinnear
AJ Lang
M Royden
EW Miller
N McClelland
RG Hamilton (appointed 2 June 2016)

Registered Auditors

Henderson Loggie
Chartered Accountants
The Vision Building
20 Greenmarket
Dundee
DD1 4QB

Bankers

The Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

Registered office

Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Registered Number

Registered in Scotland
SO300381

Thorntons Law LLP

Members' report

The members present their report and financial statements for the year ended 31 May 2016.

Principal activity

The principal activity of Thorntons Law LLP is the conduct of a solicitors' practice in Scotland.

Business Review

This year, turnover continued to improve very strongly, growing by 14%. The merger with Watts Law has further added to the size of the business this year. Continuing investment and merger integration costs have had an impact on our short-term profitability which has grown by 8%. However, we are confident that our commitment to continuously improving the efficiency of our operational processes will ensure future years bring increased profitability. Our commitment to providing our clients with a full service offering has ensured that our business remains strong amid challenging trading conditions. These results represent our commitment to invest for the long term and our clear strategy for growth across our business. We are confident we have a stable base from which to grow in the short and medium term.

Designated members

The designated members are as detailed on page 2.

In addition, the following designated members resigned during the period; KW Gray (resigned 3 July 2015), AHJ Leith (resigned 31 May 2016) and L Melville (resigned 30 September 2016).

Members' drawings and capital policy

The firm's drawings policy allows each member to draw a proportion of their profit share in twelve monthly instalments with the balance of their profits, net of a tax retention, paid in instalments in the subsequent year. All payments are made subject to the cash requirements of the business. Tax retentions are paid to HM Revenue & Customs on behalf of members with any excess being released to members as appropriate.

Each member is required to subscribe to a capital proportion linked to his or her share of profit and the financing requirements of the firm. Capital is repaid to members on retirement.

Employees

Details concerning employees are shown in note 4.

Engaging employees in the business is an important area of focus, as are the development of effective methods of communication and the transfer of information.

Investment is made in learning and development, and employees have access to training where required. All vacancies are internally advertised in an effort to support career management.

Thorntons Law LLP

Members' report (continued)

Disabled employees are supported and have full and fair consideration for all suitable vacancies. Should an employee become disabled when working for the firm, efforts are made to continue their employment.

The Health and Safety of employees is taken very seriously, with policies being reviewed and updated regularly.

Auditors

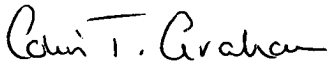
Henderson Loggie have expressed their willingness to continue in office and a resolution will be proposed to reappoint them at the next members' meeting.

Disclosure of information to auditors

In the case of each of the persons who are designated members of the LLP at the date of when the report was approved:

- so far as each of the designated members is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the LLP's auditors are unaware; and
- each of the designated members has taken all the steps that he ought to have taken as a designated member to make himself aware of any relevant audit information (as defined) and to establish that the LLP's auditors are aware of that information.

Approved by the members and signed on their behalf by:



CT Graham
Designated Member
22 December 2016

Thorntons Law LLP

Statement of Members' responsibilities

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

The Companies Act 2006 (as applied to limited liability partnerships) requires 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). The members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

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

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

Thorntons Law LLP

Independent auditor's report to the members of Thorntons Law LLP

We have audited the financial statements of Thorntons Law LLP for the year ended 31 May 2016, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

Respective responsibilities of members and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 May 2016, 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Thorntons Law LLP

Independent auditor's report to the members of Thorntons Law LLP (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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.



Gavin Black (Senior Statutory Auditor)

For and on behalf of
Henderson Loggie, Statutory Auditor
Dundee

22 December 2016

Thorntons Law LLP

Profit and loss account for the year ended 31 May 2016

	Note	2016 £	2015 £
Turnover	3	22,828,162	19,989,770
Operating expenses		(18,514,983)	(15,952,894)
Operating profit	5	4,313,179	4,036,876
Interest receivable	6	121,049	89,599
Interest payable	7	(113,878)	(116,297)
Profit for the financial year before members' remuneration and profit shares		4,320,350	4,010,178
Members' remuneration charged as an expense	8	(4,320,350)	(4,010,178)
Retained profit for the financial year available for discretionary division among members		-	-
		=====	=====

Statement of comprehensive income

	2016 £	2015 £
Profit for the financial year before members' remuneration and profit shares	4,320,350	4,010,178
Unrealised profit on revaluation of property	6,400	5,800
Total comprehensive income	4,326,750	4,015,978
	=====	=====

The financial statements have been prepared on the basis that all operations are continuing.

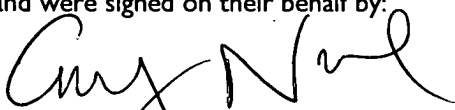
The notes on pages 11 to 22 form part of these financial statements.

Thorntons Law LLP

Balance sheet at 31 May 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	1,734,265	1,846,386
Intangible assets	10	100,100	130,900
		<u>1,834,365</u>	<u>1,977,286</u>
Current assets			
Debtors	11	10,103,466	9,210,409
Cash at bank and in hand		1,033,079	1,715,390
		<u>11,136,545</u>	<u>10,925,799</u>
Creditors			
Amounts falling due within one year	12	3,904,472	3,753,713
		<u>7,232,073</u>	<u>7,172,086</u>
Net current assets		<u>9,066,438</u>	<u>9,149,372</u>
Creditors			
Amounts falling due after more than one year	13	2,495,520	1,577,287
Net assets attributable to members		<u>6,570,918</u> =====	<u>7,572,085</u> =====
Represented by:			
Members' interests			
Members' other interests	14	4,541,855	5,019,858
Loans and other debts due to members	14	2,029,063	2,552,227
		<u>6,570,918</u> =====	<u>7,572,085</u> =====

The financial statements were approved by the members and authorised for issue on 22 December 2016 and were signed on their behalf by:



CO Nicol

Designated Member

The notes on pages 11 to 22 form part of these financial statements.

Thorntons Law LLP

Cash flow statement for the year ended 31 May 2016

	Note	2016 £	2015 £
Cash flows from operating activities	17	2,580,518	2,399,435
Cash used in investing activities	18	(10,578)	(288,607)
Cash used in financing activities	18	(3,252,251)	(2,207,331)
Net decrease in cash and cash equivalents in the year		(682,311)	(96,503)
Cash and cash equivalents at 1 June 2015		1,715,390	1,811,893
Cash and cash equivalents at 31 May 2016		1,033,079 =====	1,715,390 =====

Thorntons Law LLP

Notes to the financial statements

1 Accounting policies

Limited liability partnership information

Thorntons Law LLP is a limited liability partnership incorporated in Scotland. The registered office is Whitehall House, 3 Yeaman Shore, Dundee, DD1 4BJ.

The limited liability partnership's principal activities are detailed in the Members' report.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in July 2014, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2016 as applied by Limited Liability Partnerships.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements for the year ended 31 May 2016 are the first financial statements of Thorntons Law LLP prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 June 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Turnover and revenue recognition

Services provided during the year to clients, which at the balance sheet date have not yet been billed, are recognised as turnover. Turnover is recognised by reference to an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. No revenue is recognised for unbilled amounts on client engagements where the right to receive consideration is contingent on factors outside the partnership's control. Work in progress on such client engagements is valued at the lower of cost and net realisable value. Amounts to be billed to clients is included in debtors.

Members' interests

Members' capital is classified as a financial liability in the balance sheet. Interest payable on members' capital is included in 'Members' remuneration charged as an expense in the profit and loss account.

Non discretionary profit allocations are included in 'Members' remuneration charged as an expense in the profit and loss account, whilst discretionary profit allocation are classified as a division of profits within members' interests.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets

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

Depreciation is provided on fixed assets at rates calculated to write off the cost or valuation, less estimated residual value by equal annual instalments over their expected useful lives as follows:

Freehold property	Over 50 years
Leasehold property	Over the shorter of the lease term and the useful economic life
Computers	Over 3 years
Furniture, fixtures and equipment	Over 5 years
Vehicles	Over 4 years
Library	Over 20 years

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life, which is estimated to be 5 years.

Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial assets and liabilities are offset and net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and the substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities -

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Thorntons Law LLP

Notes to the financial statements (continued)

1 Accounting policies (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligation expire or are discharged or cancelled.

Tax provisions

The taxation payable on profits is the personal liability of the members during the year. A retention from profits is made to fund payments of taxation on members behalf. The retention is reflected in loans and other debts due from members and payments are charged against this retention.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Professional indemnity insurance and claims

The partnership maintains substantial cover through the insurance market. Provision is made on a case-by-case basis for the estimated costs of defending claims or the uninsured excess of such claims if greater, where it is probable that costs will be incurred.

Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

Termination benefits

Provisions for termination benefits are recognised only when the company is demonstrably committed to terminate the employment of an employee or of a group of employees before their normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Pensions

Thorntons Law LLP operates a contributory Group Personal Pension scheme for members of staff. Contributions to the scheme are charged to the profit and loss account when they become due.

Thorntons Law LLP

Notes to the financial statements (continued)

1 Accounting policies (continued)

Lease commitments

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the limited liability's partnership's accounting policies the members are required to make judgements, estimate the 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 those estimates.

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

Valuation of amounts recoverable on speculative engagements

The LLP undertakes a number of engagements on a speculative "no win no fee" basis. FRS 102 requires that when the outcome of such a case can be estimated reliably, the revenue associated with the transaction should be recognised by reference to the stage of completion as at the year end. In addition, the costs incurred on these engagements can only be classified as an asset if they are both recoverable and can be measured reliably. As such, management are required to estimate the outcome of speculative engagements in terms of likely success and determine to what extent costs incurred at the year-end are recoverable and can therefore be recognised in amounts to be billed to clients within debtors. Management's basis of measurement considers the nature of the cases, historic success rates and any specific issues identified in the post balance sheet period.

3 Turnover

Turnover represents revenue earned from the principal activity of the LLP and is stated net of value added tax.

An analysis of the limited liability partnerships turnover is as follows:

	2016 £	2015 £
Turnover		
Rendering of services	22,620,375	19,902,382
Rental income	207,787	87,388
	<u>22,828,162</u>	<u>19,989,770</u>
	=====	=====

Thorntons Law LLP

Notes to the financial statements (continued)

4 Staff costs

	2016 £	2015 £
The aggregate employment costs of staff (excluding members) were:		
Salaries	8,214,667	7,162,220
Social security costs	726,448	639,250
Other pension costs	482,254	451,560
	<u>9,423,369</u>	<u>8,253,030</u>
	=====	=====

The average number of staff (excluding members) during the period was:

	Number	Number
Client service staff	155	136
Support staff	159	144
	<u>314</u>	<u>280</u>
	=====	=====

5 Operating profit

	2016 £	2015 £
Operating profit is stated after charging/(crediting):		
Operating lease payments:		
Land and buildings	1,355,468	1,178,271
Other operating leases	319,838	251,908
Depreciation	247,782	186,005
Amortisation	30,800	23,100
Loss/(gain) on disposal of fixed assets	2,367	(29,499)
Auditors' remuneration - audit fees	17,000	12,000
- non audit services	26,690	22,820
	<u>26,690</u>	<u>22,820</u>
	=====	=====

6 Interest receivable

Bank and other interest receivable	121,049	89,599
	<u>121,049</u>	<u>89,599</u>
	=====	=====

7 Interest payable

Interest payable on bank loans and overdrafts	113,878	116,297
	<u>113,878</u>	<u>116,297</u>
	=====	=====

Thorntons Law LLP

Notes to the financial statements (continued)

8 Members' share of profits

Profits are shared among the members after the end of the year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own provision for pensions from their profit shares.

	2016 Number	2015 Number
Average number of members	41 =====	38 =====

The profit share of the highest paid member in the year to 31 May 2016 was £145,021. The profit share of the highest paid member for the year to 31 May 2015 was £144,522.

9 Fixed assets

	Property £	Computer equipment & website £	Furniture fixtures & equipment £	Motor Vehicles £	Total £
Cost or valuation					
At 1 June 2015	2,188,005	3,434,105	1,929,955	93,689	7,645,754
Additions	35,095	73,129	32,343	-	140,567
Disposals	-	-	-	(29,633)	(29,633)
At 31 May 2016	2,223,100	3,507,234	1,962,298	64,056	7,756,688
Depreciation					
At 1 June 2015	747,691	3,235,820	1,751,514	64,343	5,799,368
Charge for year	124,158	100,156	19,275	4,192	247,781
Disposals	-	-	-	(18,326)	(18,326)
Revaluation	(6,400)	-	-	-	(6,400)
At 31 May 2016	865,449	3,335,976	1,770,789	50,209	6,022,423
Net book value					
At 31 May 2016	1,357,651 =====	171,258 =====	191,509 =====	13,847 =====	1,734,265 =====
At 31 May 2015	1,440,314 =====	198,285 =====	178,441 =====	29,346 =====	1,846,386 =====

Property is comprised of freehold property with a net book value as at 31 May 2016 of £320,000 and short leasehold property with a net book value as at 31 May 2016 of £1,037,651.

The freehold property is held in the name of nominated companies, in which members of the LLP are directors, with signed Declaration of Trusts in place passing the beneficial interest in the assets to Thorntons Law LLP.

On 31 May 2016 J&E Shepherd, Chartered Surveyors, valued the freehold land and buildings at £320,000 on fair value basis.

The historical cost of the freehold land and buildings included in the financial statements at valuation is £300,440.

Thorntons Law LLP

Notes to the financial statements (continued)

10 Intangible assets

	Goodwill
	£
Cost	
At 1 June 2015	154,000
Additions	-
	<hr/>
At 31 May 2016	154,000
	<hr/>
Amortisation	
At 1 June 2015	23,100
Charge for year	30,800
	<hr/>
At 31 May 2016	53,900
	<hr/>
Net book value	
At 31 May 2016	100,100
	<hr/>
At 31 May 2015	130,900
	<hr/>

The intangible asset relates to goodwill that arose on the merger with Steel Elridge Stewart on 1 September 2014.

11 Debtors

	2016	2015
	£	£
Trade debtors	2,426,421	2,629,482
Amounts to be billed to clients	5,905,688	4,795,188
Balances due by clients	431,440	552,356
Other debtors	355,809	562,153
Prepayments and accrued income	984,108	671,230
	<hr/>	<hr/>
	10,103,466	9,210,409
	<hr/>	<hr/>

Included in other debtors are £200,000 (2015 - £200,000) which are due in more than one year.

12 Creditors: Amounts falling due within one year

Term loan (secured)	1,668,411	948,865
Trade creditors	546,235	228,929
Other taxes and social security	702,805	1,342,239
Other creditors	328,090	351,983
Accruals and deferred income	658,931	881,697
	<hr/>	<hr/>
	3,904,472	3,753,713
	<hr/>	<hr/>

The bank borrowings are secured by a bond and floating charge.

Thorntons Law LLP

Notes to the financial statements (continued)

13	Creditors: Amounts falling due after more than one year	2016	2015
		£	£
	Term loan (secured)	2,263,879	1,468,175
	Other creditors	231,641	109,112
		<u>2,495,520</u>	<u>1,577,287</u>
		=====	=====

14	Members' interests	Members' capital	Loans and other debts due to/(from) members	Total members' interests
		£	£	£
	Members' interests at 1 June 2015	5,019,858	2,552,227	7,572,085
	Members' remuneration charged as an expense	-	4,320,350	4,320,350
	Members' interest after profit for the year	<u>5,019,858</u>	<u>6,872,577</u>	<u>11,892,435</u>
	Capital introduced	26,000	-	26,000
	Transfers to creditors	(414,716)	(259,579)	(674,295)
	On revaluation	6,400	-	6,400
	Drawings and distribution to members	<u>(95,687)</u>	<u>(4,583,935)</u>	<u>(4,679,622)</u>
	Members' interests at 31 May 2016	<u>4,541,855</u>	<u>2,029,063</u>	<u>6,570,918</u>
		=====	=====	=====

Thorntons Law LLP profits are divided based on the profit sharing ratio applying for the year to members. For the year ended 31 May 2016, profit sharing ratios were allocated prospectively and profits were divided automatically among the members. As a result, undrawn profits were reflected in loans and other debts due to members as at 31 May 2016.

Members' capital ranks after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up. The amount of capital each member is required to subscribe is determined by the members and under the LLP Agreement of Thorntons Law LLP, a member can only withdraw capital when he or she ceases to be a member.

Loans and other debts due to members includes £693,338 (2015 - £516,309) which is payable after more than one year.

Thorntons Law LLP

Notes to the financial statements (continued)

15 Obligations under leases

Lessee

At the reporting end date the LLP had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2016 £	Land and buildings 2015 £	Other operating leases 2016 £	Other operating leases 2015 £
Within one year	1,390,594	1,377,594	454,647	493,362
Between one and five years	5,322,033	5,345,596	456,275	845,766
After five years	6,115,259	7,302,290	-	-
	<u>12,827,886</u> =====	<u>14,025,480</u> =====	<u>910,922</u> =====	<u>1,339,128</u> =====

Included within other operating leases is £341,466 (2015 - £478,943) of members' motor vehicle costs which are treated as members' drawings.

16 Pensions

Thorntons Law LLP operates a contributory Group Personal Pension scheme for members of staff.

The Contributions that were made to the scheme during the year were

2016 £	2015 £
482,254 =====	451,560 =====

17 Cash flows from operating activities

Operating profit	4,313,179	4,036,876
Merger adjustment	-	611,456
Depreciation charge	247,782	186,005
Amortisation	30,800	23,100
Gain on sale of fixed assets	2,367	(29,499)
Increase in debtors	(893,057)	(3,047,140)
Increase/(decrease) in creditors	(1,120,553)	618,637
Net cash generated from operating activities	<u>2,580,518</u> =====	<u>2,399,435</u> =====

Thorntons Law LLP

Notes to the financial statements (continued)

18 Analysis of cash flow statement headings

	2016 £	2015 £
Cash flows from investing activities		
Bank and other interest received	121,049	89,599
Purchase of tangible fixed assets	(140,568)	(407,705)
Proceeds of sale of tangible fixed assets	8,941	29,499
	<hr/>	<hr/>
Cash used in investing activities	(10,578)	(288,607)
	<hr/>	<hr/>
Cash flows from financing activities		
Loan received	5,013,277	2,420,000
Loan repayments	(3,498,028)	(1,073,415)
Interest paid	(113,878)	(116,297)
Payments to and on behalf of members	(4,679,622)	(4,457,116)
Members' capital introduced	26,000	1,019,497
	<hr/>	<hr/>
Cash used in financing activities	(3,252,251)	(2,207,331)
	<hr/>	<hr/>

19 Contingent liabilities

In the normal course of business, Thorntons Law LLP may receive claims for alleged negligence. Substantial insurance cover is carried in respect of professional negligence, and cover is written through the commercial market. Where appropriate, provision is made for the costs arising from such claims. Taking account of expected insurance recoveries, claims notified are not expected to give rise to any material unprovided liability.

Thorntons Law LLP

Notes to the financial statements (continued)

20 Ultimate controlling party

In the opinion of the members there is no ultimate controlling party.

21 Related party relationships and transactions

During the year the LLP charged Thorntons Investment Management Limited, a company in which members of the LLP, S C Milne, C O Nicol, N Barclay and CS MacPherson, are directors, management fees and other charges of £364,072 (2015 - £210,000). The amounts due to the LLP at the year end was £261,382 (2015 - £471,197). Included within this balance is a loan of £200,000 at an agreed interest rate of 2.5% over the Bank of Scotland base rate. There have been no repayments made during the year in respect of this loan and the amounts are included in other debtors due after more than one year.

Remuneration of key management personnel

	2016 £	2015 £
Aggregate compensation	500,123 =====	441,412 =====

22 Events after the balance sheet date

On 1 June 2016, the entire business of Clarkson Hamilton merged with Thorntons Law LLP.