

**Thorntons Law LLP**

**Report and financial statements for  
year ended 31 May 2017**

**Registered number SO300381**

FRIDAY



\*S6YWMWGU\*

SCT

02/02/2018

#116

COMPANIES HOUSE

# **Thorntons Law LLP**

## **Contents**

---

	<b>Page</b>
LLP information	2
Members' report	3 - 4
Statement of Members' responsibilities	5
Independent auditor's report	6 - 7
Profit and loss account	8
Statement of comprehensive income	8
Balance sheet	9
Cashflow statement	10
Notes to the financial statements	11 - 22

# Thorntons Law LLP

## LLP information

---

### Designated members

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)  
JH McIntyre (appointed 1 June 2017)  
DM Etherington (appointed 1 June 2017)

### 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 2017.

### **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 and grew by 4.5%. The merger with Clarkson Hamilton on 1st June 2016 further added to the size of the business and saw us offering our broad range of client services in a new location. Our commitment to continuously improving the efficiency of our operational processes has seen profitability improve by 18%. We remain committed to providing our clients with a full service offering and our business levels remain strong amid continued uncertainty in some of our markets. 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 platform 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 and up to the date of this report: L Melville (resigned 30 September 2016), AHS Leith (resigned 14 March 2017) and JS Robertson (resigned 1 June 2017).

### **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  
26 January 2018

## **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 2017, 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 2017, 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.

*Henderson Loggie*

#### **Gavin Black (Senior Statutory Auditor)**

For and on behalf of  
Henderson Loggie, Statutory Auditor  
Dundee

26 January 2018



## Thorntons Law LLP

### Profit and loss account for the year ended 31 May 2017

	Note	2017 £	2016 £
<b>Turnover</b>	3	<b>23,855,009</b>	22,828,162
Operating expenses		<b>(18,732,716)</b>	(18,514,983)
<b>Operating profit</b>	5	<b>5,122,293</b>	4,313,179
Interest receivable	6	<b>88,331</b>	121,049
Interest payable	7	<b>(112,471)</b>	(113,878)
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>5,098,153</b>	4,320,350
Members' remuneration charged as an expense	8	<b>(5,098,153)</b>	(4,320,350)
<b>Retained profit for the financial year available for discretionary division among members</b>		<b>-</b>	-
		<b>=====</b>	<b>=====</b>

### Statement of comprehensive income

	2017 £	2016 £
Profit for the financial year before members' remuneration and profit shares	<b>5,098,153</b>	4,320,350
Unrealised profit on revaluation of property	<b>6,400</b>	6,400
<b>Total comprehensive income</b>	<b>5,104,553</b>	4,326,750
	<b>=====</b>	<b>=====</b>

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

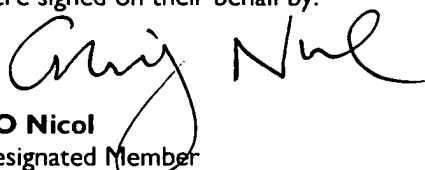
The notes on pages 11 to 22 form part of these financial statements.

# Thorntons Law LLP

## Balance sheet at 31 May 2017

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	9		1,618,984		1,734,265
Intangible assets	10		109,300		100,100
			<u>1,728,284</u>		<u>1,834,365</u>
<b>Current assets</b>					
Debtors	11	11,275,048		10,103,466	
Cash at bank and in hand		209,910		1,033,079	
		<u>11,484,958</u>		<u>11,136,545</u>	
<b>Creditors</b>					
Amounts falling due within one year	12	5,668,954		3,904,472	
			<u>5,816,004</u>		<u>7,232,073</u>
<b>Net current assets</b>			<u>7,544,288</u>		<u>9,066,438</u>
<b>Creditors</b>					
Amounts falling due after more than one year	13		234,416		2,495,520
<b>Net assets attributable to members</b>			<u>7,309,872</u> =====		<u>6,570,918</u> =====
<b>Represented by:</b>					
<b>Members' interests</b>					
Members' other interests	14		4,703,776		4,541,855
Loans and other debts due to members	14		2,606,096		2,029,063
			<u>7,309,872</u> =====		<u>6,570,918</u> =====

The financial statements were approved by the members and authorised for issue on 26 January 2018 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities	17	4,592,327	2,580,518
Cash used in investing activities	18	(114,093)	(10,578)
Cash used in financing activities	18	(6,916,311)	(3,252,251)
<b>Net decrease in cash and cash equivalents in the year</b>		<b>(2,438,077)</b>	<b>(682,311)</b>
Cash and cash equivalents at 1 June 2016		1,033,079	1,715,390
<b>Cash and cash equivalents at 31 May 2017</b>		<b>(1,404,998)</b> =====	<b>1,033,079</b> =====
Cash at bank and in hand		209,910	1,033,079
Bank overdraft		(1,614,908)	-
<b>Cash and cash equivalents at 31 May 2017</b>		<b>(1,404,998)</b> =====	<b>1,033,079</b> =====

# 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, 33 Yeaman Shore, Dundee, DD1 4BJ.

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

#### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, The Financial Reporting standards applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice; Accounting by Limited Liability Partnership published in 2017 and the Companies Act 2006 (as applied in LLPs).

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 a going concern basis, under the historical cost convention modified to include certain items at fair value.

The significant accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 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 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.

## 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. Also includes bank overdrafts as they form an integral part of the limited liability partnership's cash management.

#### 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 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:

	2017 £	2016 £
<b>Turnover</b>		
Rendering of services	23,675,661	22,620,375
Rental income	179,348	207,787
	<u>23,855,009</u>	<u>22,828,162</u>
	=====	=====



# Thorntons Law LLP

## Notes to the financial statements (continued)

### 4 Staff costs

	2017 £	2016 £
The aggregate employment costs of staff (excluding members) were:		
Salaries	8,998,312	8,214,667
Social security costs	806,357	726,448
Other pension costs	584,836	482,254
	<u>10,389,504</u>	<u>9,423,369</u>
	=====	=====

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

	Number	Number
Client service staff	174	155
Support staff	162	159
	<u>336</u>	<u>314</u>
	=====	=====

### 5 Operating profit

	2017 £	2016 £
Operating profit is stated after charging/(crediting):		
Operating lease payments:		
Land and buildings	1,320,520	1,355,468
Other operating leases	322,629	319,838
Depreciation	277,105	247,782
Amortisation	40,800	30,800
Loss/(gain) on disposal of fixed assets	(3,000)	2,367
Auditors' remuneration - audit fees	17,000	17,000
- non audit services	27,145	26,690
	<u>=====</u>	<u>=====</u>

### 6 Interest receivable

Bank and other interest receivable	<u>88,331</u>	<u>121,049</u>
	=====	=====

### 7 Interest payable

Interest payable on bank loans and overdrafts	<u>112,471</u>	<u>113,878</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.

	2017 Number	2016 Number
Average number of members	47 =====	41 =====

The profit share of the highest paid member in the year to 31 May 2017 was £164,193. The profit share of the highest paid member for the year to 31 May 2016 was £145,021.

### 9 Fixed assets

	Property £	Computer equipment & website £	Furniture fixtures & equipment £	Motor Vehicles £	Total £
<b>Cost or valuation</b>					
At 1 June 2016	2,223,100	3,507,234	1,962,298	64,056	7,756,688
Additions	13,627	115,370	26,427	-	155,424
<b>At 31 May 2017</b>	<b>2,236,727</b>	<b>3,622,604</b>	<b>1,988,725</b>	<b>64,056</b>	<b>7,912,112</b>
<b>Depreciation</b>					
At 1 June 2016	865,449	3,335,976	1,770,789	50,209	6,022,423
Charge for year	128,080	105,347	39,064	4,614	277,105
Revaluation	(6,400)	-	-	-	(6,400)
<b>At 31 May 2017</b>	<b>987,129</b>	<b>3,441,323</b>	<b>1,809,853</b>	<b>54,823</b>	<b>6,293,128</b>
<b>Net book value</b>					
<b>At 31 May 2017</b>	<b>1,249,598</b> =====	<b>181,281</b> =====	<b>178,872</b> =====	<b>9,233</b> =====	<b>1,618,984</b> =====
At 31 May 2016	1,357,651 =====	171,258 =====	191,509 =====	13,847 =====	1,734,265 =====

Property is comprised of freehold property with a net book value as at 31 May 2017 of £313,600 and short leasehold property improvements with a net book value as at 31 May 2017 of £929,598.

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 2017 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)

<b>10</b>	<b>Intangible assets</b>	<b>Goodwill £</b>
	<b>Cost</b>	
	At 1 June 2016	154,000
	Additions	50,000
	<b>At 31 May 2017</b>	<b>204,000</b>
	<b>Amortisation</b>	
	At 1 June 2016	53,900
	Charge for year	40,800
	<b>At 31 May 2017</b>	<b>94,700</b>
	<b>Net book value</b>	
	<b>At 31 May 2017</b>	<b>109,300</b>
	At 31 May 2016	100,100

The intangible asset relates to goodwill that arose on the mergers with Steel Eldridge Stewart on 1 September 2014 and Clarkson Hamilton Limited on 1 June 2016.

<b>11</b>	<b>Debtors</b>	<b>2017 £</b>	<b>2016 £</b>
	Trade debtors	3,303,892	2,426,421
	Amounts to be billed to clients	5,787,775	5,905,688
	Balances due by clients	674,740	431,440
	Other debtors	348,524	355,809
	Prepayments and accrued income	1,160,117	984,108
		<b>11,275,048</b>	<b>10,103,466</b>

Included in other debtors is £200,000 (2016 - £200,000) which is due in more than one year.

## **12 Creditors: Amounts falling due within one year**

Bank overdraft (secured)	<b>1,614,908</b>	-
Term loan (secured)	<b>1,083,567</b>	1,668,411
Trade creditors	<b>937,629</b>	546,235
Other taxes and social security	<b>802,185</b>	702,805
Other creditors	<b>464,324</b>	328,090
Accruals and deferred income	<b>766,341</b>	658,931
	<b>5,668,954</b>	<b>3,904,472</b>

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

# Thorntons Law LLP

## Notes to the financial statements (continued)

<b>13 Creditors: Amounts falling due after more than one year</b>			
		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Term loan (secured)		-	2,263,879
Other creditors		<b>234,416</b>	<b>231,641</b>
		<b>234,416</b>	<b>2,495,520</b>
		<b>=====</b>	<b>=====</b>
<b>14 Members' interests</b>			
	<b>Members' capital</b>	<b>Loans and other debts due to/(from) members</b>	<b>Total members' interests</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Members' interests at 1 June 2016	4,541,855	2,029,063	6,570,918
Members' remuneration charged as an expense	-	5,098,153	5,098,153
Members' interest after profit for the year	4,541,855	7,127,216	11,669,071
Capital introduced	560,500	-	560,500
Transfers to creditors	(300,888)	(109,594)	(410,482)
Transfers to loans and other debts due to/from members	(53,000)	53,000	-
On revaluation	6,400	-	6,400
Drawings and distribution to members	(51,091)	(4,464,526)	(4,515,617)
<b>Members' interests at 31 May 2017</b>	<b>4,703,776</b>	<b>2,606,096</b>	<b>7,309,872</b>
	<b>=====</b>	<b>=====</b>	<b>=====</b>

Thorntons Law LLP profits are divided based on the profit sharing ratio applying for the year to members. For the year ended 31 May 2017, 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 2017.

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 £761,703 (2016 - £693,338) 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 2017 £	Land and buildings 2016 £	Other operating leases 2017 £	Other operating leases 2016 £
Within one year	1,379,774	1,390,594	406,975	454,647
Between two and five years	5,266,373	5,322,033	291,637	456,275
After five years	4,903,645	6,115,259	-	-
	<u>11,549,792</u> =====	<u>12,827,886</u> =====	<u>698,612</u> =====	<u>910,922</u> =====

Included within other operating leases is £289,524 (2016 - £341,466) 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

2017 £	2016 £
584,836 =====	482,254 =====

### 17 Cash flows from operating activities

Operating profit	5,122,293	4,313,179
Depreciation charge	277,105	247,782
Amortisation	40,800	30,800
Gain on sale of fixed assets	(3,000)	2,367
Increase in debtors	(1,171,582)	(893,057)
Increase/(decrease) in creditors	326,711	(1,120,553)
<b>Net cash generated from operating activities</b>	<u>4,592,327</u> =====	<u>2,580,518</u> =====

## Thorntons Law LLP

### Notes to the financial statements (continued)

#### 18 Analysis of cash flow statement headings

	2017 £	2016 £
<b>Cash flows from investing activities</b>		
Bank and other interest received	88,331	121,049
Purchase of tangible fixed assets	(205,424)	(140,568)
Proceeds of sale of tangible fixed assets	3,000	8,941
	<hr/>	<hr/>
<b>Cash used in investing activities</b>	<b>(114,093)</b>	<b>(10,578)</b>
	<b>=====</b>	<b>=====</b>
<b>Cash flows from financing activities</b>		
Loan received	1,675,000	5,013,277
Loan repayments	(4,523,723)	(3,498,028)
Interest paid	(112,471)	(113,878)
Payments to and on behalf of members	(4,515,617)	(4,679,622)
Members' capital introduced	560,500	26,000
	<hr/>	<hr/>
<b>Cash used in financing activities</b>	<b>(6,916,311)</b>	<b>(3,252,251)</b>
	<b>=====</b>	<b>=====</b>

#### 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 £272,308 (2016 - £364,072). The amounts due to the LLP at the year end were £205,877 (2016 - £261,382). 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

	2017 £	2016 £
Aggregate compensation	1,698,193 =====	1,401,422 =====

#### 22 Events after the balance sheet date

On 1 September 2017 Thorntons Law LLP acquired the assets, goodwill and work in progress of Pagan Osborne.