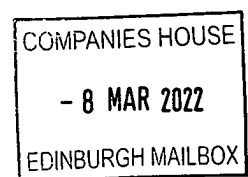
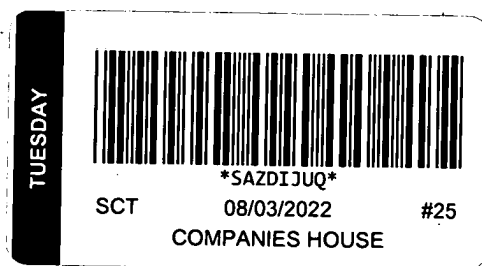


**DRUMMOND MILLER LLP  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2021**

**Registered Number SO300942**



**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2021**

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**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**DESIGNATED MEMBERS AND ADVISERS**  
**YEAR ENDED 31 MAY 2021**

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**Designated members**

J Armstrong  
M J Becher  
D Brown - Chair  
D J Deery  
P Duncan  
L Ferguson  
S Fleming  
S Jack  
L McDonagh  
A Meiklejohn  
H Ndubuisi  
C Ogilvie  
L M Spiller  
L Stratford  
V A H Varty

**Registered Office**

Glenorchy House  
20 Union Street  
Edinburgh  
EH1 3LR

**Auditor**

RSM UK Audit LLP  
First Floor, Quay 2  
139 Fountainbridge  
Edinburgh  
EH3 9QG

**Bankers**

Bank of Scotland  
Princes Exchange  
3 Earl Grey Street  
Edinburgh  
EH3 9BN

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**THE MEMBERS' REPORT**  
**YEAR ENDED 31 MAY 2021**

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The members present their report and the financial statements of the LLP for the year ended 31 May 2021.

**Principal activities and business review**

The principal activity of the LLP during the year was of solicitors and estate agents. All branches are located within the UK. The results for the year and financial position of the LLP are as shown in the annexed financial statements.

We are pleased to report an increase in both turnover and operating profit.

**Results for the year and allocation to members**

The profit for the year available for distribution to members was £1,577,182 (2020: £745,056).

**Designated members**

The following were designated members during the period and after the period end:

J Armstrong  
M J Becher  
D Brown - Chair  
D J Deery  
P Duncan (appointed 1 February 2022)  
L Ferguson  
S Fleming (appointed 1 June 2021)  
S Jack (appointed 1 June 2021)  
L McDonagh  
A Meiklejohn (appointed 1 June 2021)  
H Ndubuisi  
C Ogilvie  
L M Spiller  
L Stratford  
V A H Varty

**Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members**

Members are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash needs of the LLP.

New members are required to subscribe a minimum level of capital and in subsequent years members are invited to subscribe for further capital, the amount of which is determined by the performance and seniority of those members. On retirement, capital is repaid to members. There is no opportunity for appreciation of the capital subscribed.

**Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

**Statement of disclosure to auditors**

These accounts have been prepared in accordance with the provisions applicable to LLPs applying the small companies exemption (as applicable to limited liability partnerships).

So far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditors are unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditors is aware of that information.

Approved by the members on 11/3/2022



C Ogilvie, Designated Member

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**STATEMENT OF MEMBERS' RESPONSIBILITIES**  
**YEAR ENDED 31 MAY 2021**

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**Statement of Members' Responsibilities**

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

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

Under the 2008 Regulations, 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 partnership and of the profit or loss of the partnership for that period.

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

- a) Select suitable accounting policies and then apply them consistently;
- b) Make judgements and estimates that are reasonable and prudent; and
- c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the designated members on behalf of all the members.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUMMOND MILLER LLP**

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**Qualified Opinion**

We have audited the financial statements of Drummond Miller LLP (the 'limited liability partnership') for the year ended 31 May 2021, which comprise the Income Statement, Statement of Financial Position, Reconciliation of Members Interests, Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements:

- give a true and fair view of the financial position of the limited liability partnership's affairs as at 31 May 2021, 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.

**Basis for qualified opinion**

With respect to revenue of £5,863,260 reported in the Income Statement, the audit evidence available to us was limited as historically the LLP did not have a formal recording system for the value of work done but not invoiced at any point in time which resulted in invoices being raised on the receipt of monies rather than on completion of work. As a result of the nature of the limited liability partnership's records, we have been unable to obtain sufficient appropriate audit evidence over the opening balance in respect of amounts recoverable on contracts at 1 June 2020, and as a result are unable to obtain sufficient appropriate audit evidence as to whether revenue has been appropriately recognised in the current period. Consequently, we were unable to determine whether any adjustments to revenue were necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUMMOND MILLER LLP**

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**Matters on which we are required to report by exception**

In respect solely of the limitation on our work related to revenue, described above:

- we have not obtained all the information and explanations that we consider necessary for the purposes of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

- 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
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships' regime.

**Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUMMOND MILLER LLP**

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP 2018. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Data Protection Act 2018, the Bribery Act 2010, and the rules of The Law Society of Scotland. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities where possible.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates applied in the valuation of work in progress.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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. 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.

*Claire Monaghan*

Claire Monaghan (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
First Floor, Quay 2  
139 Fountainbridge  
EH3 9QG

Date: 07/03/22



**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**INCOME STATEMENT**  
**YEAR ENDED 31 MAY 2021**

		2021	2020
	Note	£	£
Turnover	2	5,863,260	4,902,146
Operating charges		(4,437,240)	(4,246,557)
Other operating income	3, 8	184,028	145,116
<b>Operating profit</b>	<b>3</b>	<b>1,610,048</b>	<b>800,705</b>
Interest receivable and similar income		991	3,938
Interest payable and similar charges	6	(33,857)	(59,587)
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>1,577,182</b>	<b>745,056</b>
Members' remuneration charged as an expense	7	(1,577,182)	(745,056)
<b>Result for the financial year available for discretionary division among members</b>		<b>-</b>	<b>-</b>


The profit for the year arises from the LLP's continuing operations.

The notes on pages 12 to 19 form part of these financial statements.

**DRUMMOND MILLER LLP**  
Registered Number SO300942  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2021**

		2021		2020	
	Note	£	£	£	£
<b>Fixed assets</b>					
Investments	8		2		2
Intangible assets	9		100,203		127,526
Tangible assets	10		<u>241,673</u>		<u>273,035</u>
			341,878		400,563
<b>Current assets</b>					
Debtors	11	1,975,800		2,086,845	
Cash at bank and on hand		<u>963,990</u>		<u>723,944</u>	
		2,939,790		2,810,789	
<b>Creditors: Amounts falling due within one year</b>	12	<u>(894,132)</u>		<u>(1,378,335)</u>	
<b>Net current assets</b>			2,045,658		1,432,454
<b>Total assets less current liabilities</b>			<u>2,387,536</u>		<u>1,833,017</u>
<b>Creditors: Amounts falling due after more than one year</b>	13		<u>(425,948)</u>		<u>(577,968)</u>
			1,961,588		1,255,049
<b>Provisions for liabilities</b>	14		<u>(16,411)</u>		<u>(16,411)</u>
<b>Net assets attributable to members</b>			<u>1,945,177</u>		<u>1,238,638</u>
			£		£
<b>Represented by:</b>					
<b>Loans and other debts due to members</b>					
Other amounts			1,528,653		822,114
<b>Members' other interests</b>					
Other reserves classed as equity			<u>416,524</u>		<u>416,524</u>
			<u>1,945,177</u>		<u>1,238,638</u>
<b>Total members' interests</b>					
Loans and other debts due to members			1,528,653		822,114
Members' other interests			<u>416,524</u>		<u>416,524</u>
			<u>1,945,177</u>		<u>1,238,638</u>

These financial statements on pages 8 to 19 were approved by the members and authorised for issue on 1.1.3.2022, and are signed on their behalf by:

  
.....  
C Ogilvie  
Designated Member

The notes on pages 12 to 19 form part of these financial statements.

**DRUMMOND MILLER LLP**  
Registered Number SO300942  
**RECONCILIATION OF MEMBERS' INTERESTS**  
**YEAR ENDED 31 MAY 2021**

	EQUITY		DEBT Loans and other debts due to members less any amounts due from members in debtors		TOTAL MEMBERS' INTERESTS
	Other reserves	Members' Capital (classified as debt)	Other amounts	Total debt	Total
	£	£	£	£	£
Amounts due to members					
Amounts due from members					
	416,524	451,000	459,847	910,847	1,327,371
Balance at 1 June 2019					
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	745,056	745,056	745,056
Members' interests after profit for the year	416,524	451,000	1,204,903	1,655,903	2,072,427
Introduced by members	-	12,000	-	12,000	12,000
Transfers	-	68,250	(68,250)	-	-
Repayment of debt (including members' capital classified as a liability)	-	(70,000)	(74,443)	(144,443)	(144,443)
Drawings	-	-	(701,346)	(701,346)	(701,346)
Members' interests at 31 May 2020	416,524	461,250	360,864	822,114	1,238,638
Amounts due to members			360,864		
Balance at 31 May 2020			360,864		
Balance at 1 June 2020	416,524	461,250	360,864	822,114	1,238,638
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	1,577,182	1,577,182	1,577,182
Members' interests after profit for the year	416,524	461,250	1,938,046	2,399,296	2,815,820
Introduced by members	-	-	-	-	-
Transfers	-	-	-	-	-
Repayment of debt (including members' capital classified as a liability)	-	-	-	-	-
Drawings	-	-	(870,643)	(870,643)	(870,643)
Members' interests at 31 May 2021	416,524	461,250	1,067,403	1,528,653	1,945,177
Amounts due to members			1,067,403		
Balance at 31 May 2021			1,067,403		

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MAY 2021**

	Notes	2021 £	2020 £
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	4	1,670,024	1,674,485
Interest paid		(33,857)	(59,587)
Transactions with members and former members:			
Payments to members		(870,643)	(701,346)
Post retirement payments to former members		(148,414)	(230,442)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>617,110</b>	<b>683,110</b>
<b>INVESTING ACTIVITIES</b>			
Transactions with non-members:			
Purchase of intangible fixed assets		(61,660)	(22,627)
Purchase of tangible fixed assets		(38,617)	(66,980)
Interest received		991	3,938
Investment income		11,535	12,394
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>(87,751)</b>	<b>(73,275)</b>
<b>FINANCING ACTIVITIES</b>			
Transactions with non-members:			
Loan received in the year		417,127	778,291
Repayment of bank loans		(583,877)	(745,646)
Transactions with members and former members:			
Capital introduced by members (classified as debt)		-	12,000
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(166,750)</b>	<b>44,645</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>362,609</b>	<b>654,480</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE START OF THE YEAR</b>	4	<b>508,500</b>	<b>(145,980)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	4	<b>871,109</b>	<b>508,500</b>

The notes on pages 12 to 19 form part of these financial statements.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2021**

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**1. Accounting policies**

**Limited Liability Information**

Drummond Miller LLP is a Limited Liability Partnership incorporated in Scotland. The registered office is Glenorchy House, 20 Union Street, Edinburgh EH1 3LR. The Limited Liability Partnership's principal activity and nature of its operations are disclosed in the Members' Report.

**Accounting convention**

These financial statements have been prepared in accordance with, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published in December 2018).

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 under the historical cost convention. The principal accounting policies adopted are set out below.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of VAT and expenses. When the outcome of a transaction can be estimated reliably, turnover from legal services is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the progress of the services being provided and time posted by fee earners.

Services rendered but not billed as at the year end are recognised as turnover in accordance with FRS 102 Section 23 "Revenue", with an associated debtor recorded as amounts recoverable on contracts. Turnover recognised in this manner is based on 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. Provision is made where the value of time recorded is not deemed to be wholly billable to the respective client.

In respect of matters where probability of receipt is uncertain, and dependent on factors outwith the control of the LLP, which is common in litigation work, no revenue is recognised until the probability of receipt is virtually certain.

**Use of the CJRS scheme**

In the year the LLP made use of the government Coronavirus Job Retention Scheme. Amounts recognised under this scheme are recognised in the same period as the staff costs that the grant was intended to compensate; and are recognised as other operating income and not set off against staff costs.

**Going Concern**

As in the normal course of business we have reviewed our activities, together with the factors likely to affect our future development and position. As a result of our current cash reserves and the financial forecasts prepared covering the period to May 2023, the financial forecasts we expect to generate positive cash flows for the foreseeable future and also have the bank facilities available should we need them, the Members have prepared the financial statements on the going concern basis. In making their assessment the Members have considered a period of 12 months from the date of approval of these financial statements.

**Investments**

Investments in subsidiaries and joint ventures are held at cost.

**Fixed assets**

Tangible fixed assets are stated at cost, net of depreciation. Items costing less than £500 are not capitalised unless specific circumstances arise where it is deemed appropriate.

**Intangible assets**

Intangible fixed assets are stated at cost, net of amortisation. Items costing less than £500 are not capitalised. Amortisation of intangible assets is included within operating charges in the Income Statement.

Goodwill is recognised on past acquisitions as the value paid over the net assets acquired and is amortised over the period that the acquisition is intended to bring economic benefits to the LLP.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MAY 2021**

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**1. Accounting policies (*continued*)**

**Depreciation & Amortisation**

Depreciation and amortisation is calculated so as to write off the cost of a fixed or intangible asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 10 years
Computer Equipment & software	- 4 years

The LLP's library is not depreciated. The Members believe that the replacement cost would be considerably higher.

**Financial instruments**

**Basic financial assets**

Basic financial assets, which include trade and other receivables 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting year 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.

**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.

**Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and bank loans 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 payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Members' participation rights**

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS102. A members participation rights including amounts subscribed or otherwise contributed by members are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are they are classified as equity.

**DRUMMOND MILLER LLP**  
*Registered Number SO300942*  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Accounting policies (*continued*)**

To the extent that profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense and presented as members remuneration charged as an expense in arriving at the result for the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities.

Conversely, profits which are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and where such an amount relates to current year profits they are recognised with 'Members' remuneration charged as an expense' in arriving at the relevant years result. Undivided amounts that are classed as equity are shown within 'Members other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within 'Members' interests'.

**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, estimates and assumptions about the carrying amount 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

**Amounts recoverable on contracts**

Amounts are included in the accounts for unbilled work (£1,639,200). Historically time has not been recorded in the absence of a formal time management system and the amount included in the financial statements is deemed to be the members best estimate of amounts recoverable on contracts.

**Pension costs**

The LLP operates a defined contribution pension scheme and the pension charge represents the amounts payable by the LLP to the fund in respect of the year. The assets of the scheme are held separately from those of the LLP in an independently administered fund.

**Taxation**

The taxation payable on the LLP profits is the personal liability of the members during the year and consequently neither taxation nor related deferred taxation is accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits and are so included in 'Loans and other debts due to members' or 'Members' interests' depending on whether or not division of profit has occurred.

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**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the LLP.

An analysis of turnover is given below:

	2021 £	2020 £
United Kingdom	<u>5,863,260</u>	<u>4,902,146</u>

**3. Operating profit**

Operating profit is stated after charging/(crediting):

	2021 £	2020 £
Amortisation of intangible assets	88,983	56,831
Depreciation of owned fixed assets	69,981	48,305
Monies received under the CJRS scheme	(172,493)	(132,722)
Income from joint venture investment	(11,535)	(12,394)
Operating lease costs:		
- Land and buildings	248,458	179,960
- Other	44,930	42,215
Auditor's remuneration	<u>17,100</u>	<u>16,000</u>

**4. Reconciliation of Profit to Net Cash Generated from Operations**

	2021 £	2020 £
Profit for the financial year available for discretionary division among members	1,577,182	745,056
Interest receivable	(991)	(3,938)
Interest payable	33,857	59,587
Investment income	<u>(11,535)</u>	<u>(12,394)</u>
	1,598,513	788,311
<b>Adjustments for non-cash items:</b>		
Depreciation and amortisation	158,963	105,135
Movement in provisions	-	(28,651)
<b>Operating cash flows before movements in working capital</b>	<b>1,757,476</b>	<b>864,795</b>
 (Increase)/Decrease in debtors	 111,045	 511,766
Increase/(Decrease) in creditors	<u>(198,497)</u>	<u>297,924</u>
<b>Cash generated from operations</b>	<u><b>1,670,024</b></u>	<u><b>1,674,485</b></u>
 <b>Cash and Cash equivalents represent:</b>		
Cash at bank	963,990	723,944
Bank overdraft	<u>(92,881)</u>	<u>(215,444)</u>
	<u><b>871,109</b></u>	<u><b>508,500</b></u>



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**5. Employee Information**

The aggregate payroll costs were:

	2021 £	2020 £
Wages and salaries	2,473,311	2,371,519
Social Security	223,304	214,018
Other Pension Costs	59,852	57,389
	<u>2,756,467</u>	<u>2,642,926</u>

The average number of persons employed by the LLP during the year are noted below. There were no members of the LLP who had employment contracts.

	2021 Number	2020 Number
Legal staff	49	50
Administration and support staff	47	49
	<u>96</u>	<u>99</u>

**6. Interest payable**

	2021 £	2020 £
Interest payable on bank borrowing	33,857	59,587
	<u>33,857</u>	<u>59,587</u>

**7. Members remuneration**

	2021 £	2020 £
Members' remuneration charged as an expense:		
Members' prior shares of profit	649,596	669,735
Members' secondary profit shares	927,586	75,321
Total remuneration	<u>1,577,182</u>	<u>745,056</u>

	2021	2020
The average number of members during the year was	<u>11</u>	<u>11</u>

	2021 £	2020 £
The average members' remuneration during the year was	<u>143,380</u>	<u>67,732</u>
The remuneration of the highest paid member was	<u>237,986</u>	<u>88,545</u>

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**8. Investments**

					£
At beginning and end of year					<u>2</u>
Name of Undertaking	Country of Incorporation	Nature of Business	Class of Shareholding	% Held	
Drummond Miller Trustees Limited	Scotland	Solicitors	Ordinary shares	100	
DMW Asset Management Limited	Scotland	Asset Management	Ordinary shares	50	

Investment income receivable from this joint venture in the year was £11,535 (2020: £12,394). This is included within Other Operating Income. Both companies have the same Registered Office as the LLP disclosed on page 2.

**9. Intangible fixed assets**

	Computer Software £	Goodwill £	Total £
<b>Cost</b>			
At 1 June 2020	260,904	327,038	587,942
Additions	36,660	25,000	61,660
Disposals	<u>(35,602)</u>	<u>-</u>	<u>(35,602)</u>
At 31 May 2021	<u>261,962</u>	<u>352,038</u>	<u>614,000</u>
<b>Amortisation</b>			
At 1 June 2020	133,378	327,038	460,416
Charge for the year	63,983	25,000	88,983
Disposals	<u>(35,602)</u>	<u>-</u>	<u>(35,602)</u>
At 31 May 2021	<u>161,759</u>	<u>352,038</u>	<u>513,797</u>
<b>Net book value</b>			
As 31 May 2021	<u>100,203</u>	<u>-</u>	<u>100,203</u>
At 31 May 2020	<u>127,526</u>	<u>-</u>	<u>127,526</u>

Included in the Net Book Value is £82,690 (2020: £127,526) in relation to practice management software.

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**10. Tangible fixed assets**

	Library £	Fixtures & Fittings £	Computer Equipment £	Total £
<b>Cost</b>				
At 1 June 2020	9,696	491,065	206,685	707,446
Additions	-	5,751	32,868	38,619
Disposals	-	(152,811)	(49,340)	(202,151)
<b>At 31 May 2021</b>	<b>9,696</b>	<b>344,005</b>	<b>190,213</b>	<b>543,914</b>
<b>Depreciation</b>				
At 1 June 2020	-	321,393	113,018	434,411
Charge for the year	-	33,135	36,846	69,981
Disposals	-	(152,811)	(49,340)	(202,151)
<b>At 31 May 2021</b>	<b>-</b>	<b>201,717</b>	<b>100,524</b>	<b>302,241</b>
<b>Net book value</b>				
As 31 May 2021	9,696	142,288	89,689	241,673
<i>At 31 May 2020</i>	<i>9,696</i>	<i>169,672</i>	<i>93,667</i>	<i>273,035</i>

**11. Debtors**

	2021 £	2020 £
Trade debtors	213,846	267,116
Amounts recoverable on contracts	1,639,200	1,708,295
Prepayments and accrued income	122,754	111,434
	<b>1,975,800</b>	<b>2,086,845</b>

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

	2021 £	2020 £
Trade Creditors	156,758	14,138
Bank loans and overdraft	191,712	494,784
Amounts due to former partners	85,646	113,310
Taxation and social security	291,741	602,408
Accruals and deferred income	168,275	153,695
	<b>894,132</b>	<b>1,378,335</b>

Bank loans and overdraft are secured by way of a bond and floating charge over the whole assets of the LLP.

**13. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loans	234,327	220,567
Amounts due to former partners	188,970	309,720
Accrued charges	2,651	47,681
	<b>425,948</b>	<b>577,968</b>

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**14. Provisions for liabilities**

	2021 £	2020 £
Office building dilapidation costs:		
Balance brought forward	16,411	45,061
Additional provision made in year	-	-
Used in year	-	(28,650)
	<u>16,411</u>	<u>16,411</u>

The LLP has recognised a provision for dilapidations based on the best estimate of expected outflows at the end of the relevant lease periods.

**15. Borrowings**

	2021 £	2020 £
Bank loans	333,158	499,907
Bank overdraft	92,881	215,444
	<u>426,039</u>	<u>715,351</u>
Payable within one year	191,712	494,784
Payable after one year	234,327	220,567
	<u>426,039</u>	<u>715,351</u>

Bank overdrafts are annual facilities and are repayable on demand. The average rate on bank overdrafts was 3.45% (2020: 3%).

Borrowings are denominated and repaid in pounds sterling, have contractual fixed interest rates, bearing average interest rates of 2.65% per annum (2020: 4.90%) and do not contain conditional returns or repayment provisions other than to protect the lender from credit deterioration or changes in relevant legislation or taxation.

**16. Commitments under operating leases**

At 31 May 2021 the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2021		2020	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Payments on operating leases falling due:				
Within 1 year	238,425	28,979	238,425	42,070
Within 1 to 5 years	953,700	3,305	807,881	32,284
After more than 5 years	547,781	-	666,900	-
	<u>1,739,906</u>	<u>32,284</u>	<u>1,713,206</u>	<u>74,354</u>