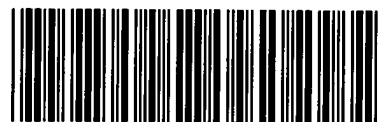


**DRUMMOND MILLER LLP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023**

Registered Number SO300942

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DRUMMOND MILLER LLP
Registered Number SO300942
FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2023

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DRUMMOND MILLER LLP
Registered Number SO300942
DESIGNATED MEMBERS AND ADVISERS
YEAR ENDED 31 MAY 2023

Designated members

J Armstrong
M J Becher
D Brown - Chair
S Cowie
D J Deery
S Dematagoda
P Duncan
L Ferguson
S Fleming
L Hale
S Jack
L McDonagh
A Meiklejohn
A Murphy
H Ndubuisi
C Ogilvie
A Pollock
A Rani
L M Spiller
L Stratford

Registered Office

Glenorchy House
20 Union Street
Edinburgh
EH1 3LR

Auditor

RSM UK Audit LLP
Third Floor,
2 Semple Street
Edinburgh
EH3 8BL

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 2023

The members present their report and the financial statements of the LLP for the year ended 31 May 2023.

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 a strong operating performance in difficult trading conditions.

Results for the year and allocation to members

The profit for the year available for distribution to members was £1,372,353 (2022: £869,824).

Designated members

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

J Armstrong
M J Becher
D Brown - Chair
S R Cowie (appointed 1 November 2023)
D J Deery
S Dematagoda (appointed 1 June 2022)
P Duncan
L Ferguson
S Fleming
L Hale (appointed 1 June 2023)
S Jack
L McDonagh
A Meiklejohn
A Murphy (appointed 1 July 2023)
H Ndubuisi
C Ogilvie
A Pollock (appointed 1 June 2022)
A Rani (appointed 1 June 2023)
L M Spiller
L Stratford
V A H Varty (resigned 30 September 2022)

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 15/12/23

C Ogilvie

C Ogilvie, Designated Member

DRUMMOND MILLER LLP
Registered Number SO300942
STATEMENT OF MEMBERS' RESPONSIBILITIES
YEAR ENDED 31 MAY 2023

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

Opinion

We have audited the financial statements of Drummond Miller LLP (the 'limited liability partnership') for the year ended 31 May 2023 which comprise the Income Statement, the Statement of Financial Position, the Reconciliation of Members' Interests, the Statement of Cash Flows and 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, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 May 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

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 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 our 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.

Matters on which we are required to report by exception

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:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUMMOND MILLER LLP

Responsibilities of members

As explained more fully in the statement of Members' Responsibilities 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.

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 2021. 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 limited liability partnership is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities where possible.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUMMOND MILLER LLP

The audit engagement team identified the risk of management override of controls and revenue recognition and valuation of amounts recoverable on contracts 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 amounts recoverable on contracts.

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
Third Floor,
2 Semple Street
Edinburgh
EH3 8BL

Date: 15/12/23

DRUMMOND MILLER LLP
Registered Number SO300942
INCOME STATEMENT
YEAR ENDED 31 MAY 2023

		2023	2022
	Note	£	£
Turnover	2	6,683,581	5,657,698
Operating charges		(5,385,145)	(4,789,017)
Other operating income	3, 8	15,375	14,117
Operating profit	3	<u>1,313,811</u>	<u>882,798</u>
Interest receivable and similar income		88,774	1,480
Interest payable and similar charges	6	<u>(30,232)</u>	<u>(14,454)</u>
Profit for the financial year before members' remuneration and profit shares		1,372,353	869,824
Members' remuneration charged as an expense	7	(1,372,353)	(869,824)
Result for the financial year available for discretionary division among members		<u><u>-</u></u>	<u><u>-</u></u>

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 2023

		2023		2022	
	Note	£	£	£	£
Fixed assets					
Investments	8		2		2
Intangible assets	9		212,383		94,457
Tangible assets	11		<u>201,878</u>		<u>261,440</u>
			414,263		355,899
Current assets					
Debtors	12	2,470,265		2,340,745	
Cash at bank and on hand		<u>21,182</u>		<u>249,618</u>	
		2,491,447		2,590,363	
Creditors: Amounts falling due within one year	13	<u>(1,093,905)</u>		<u>(1,001,396)</u>	
Net current assets			1,397,542		1,588,967
Total assets less current liabilities			<u>1,811,805</u>		<u>1,944,866</u>
Creditors: Amounts falling due after more than one year	14		(43,581)		(105,513)
			<u>1,768,224</u>		<u>1,839,353</u>
Provisions for liabilities	15		(16,411)		(16,411)
Net assets attributable to members			<u>1,751,813</u>		<u>1,822,942</u>
			£		£
Represented by:					
Loans and other debts due to members					
Other amounts			1,335,289		1,406,418
Members' other interests					
Other reserves classed as equity			<u>416,524</u>		<u>416,524</u>
			<u>1,751,813</u>		<u>1,822,942</u>
Total members' interests					
Loans and other debts due to members			1,335,289		1,406,418
Members' other interests			<u>416,524</u>		<u>416,524</u>
			<u>1,751,813</u>		<u>1,822,942</u>

These financial statements on pages 8 to 19 have been prepared in accordance with the provisions applicable to LLPs applying the small companies regime (as applicable to LLPs) and were approved by the members and authorised for issue on 15/12/23, and are signed on their behalf by:

C Ogilvie

.....
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 2023

	EQUITY		DEBT		TOTAL MEMBERS' INTERESTS
	Other reserves	Members' Capital (classified as debt)	Other amounts	Total debt	Total
	£	£	£	£	£
Balance at 1 June 2021	416,524	461,250	1,067,403	1,528,653	1,945,177
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	869,824	869,824	869,824
Members' interests after profit for the year	416,524	461,250	1,937,227	2,398,477	2,815,001
Introduced by members	-	69,500	-	69,500	69,500
Transfers	-	38,250	(38,250)	-	-
Repayment of debt (including members' capital classified as a liability)	-	-	-	-	-
Drawings	-	-	(1,061,559)	(1,061,559)	(1,061,559)
Members' interests at 31 May 2022	416,524	569,000	837,418	1,406,418	1,822,942
Amounts due to members			837,418		
Balance at 31 May 2022			837,418		
Balance at 1 June 2022	416,524	569,000	837,418	1,406,418	1,822,942
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	1,372,353	1,372,353	1,372,353
Members' interests after profit for the year	416,524	569,000	2,209,771	2,778,771	3,195,295
Introduced by members	-	92,000	-	92,000	92,000
Transfers	-	34,000	(34,000)	-	-
Repayment of debt (including members' capital classified as a liability)	-	-	-	-	-
Drawings	-	-	(1,521,273)	(1,521,273)	(1,521,273)
Transfer to Former Partners		(15,000)	791	(14,209)	(14,209)
Members' interests at 31 May 2023	416,524	680,000	655,289	1,335,289	1,751,813
Amounts due to members			655,289		
Balance at 31 May 2023			655,289		

DRUMMOND MILLER LLP
Registered Number SO300942
STATEMENT OF CASH FLOWS
YEAR ENDED 31 MAY 2023

	Notes	2023 £	2022 £
OPERATING ACTIVITIES			
Cash generated from operations	4	1,329,484	903,165
Interest paid		(30,232)	(14,454)
Transactions with members and former members:			
Payments to members		(1,521,272)	(1,061,559)
Post retirement payments to former members		(77,876)	(94,688)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		(299,896)	(267,536)
INVESTING ACTIVITIES			
Transactions with non-members:			
Purchase of intangible fixed assets		(206,990)	(65,454)
Purchase of tangible fixed assets		(21,797)	(109,966)
Interest received		88,774	1,480
Investment income		15,375	14,117
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(124,638)	(159,823)
FINANCING ACTIVITIES			
Transactions with non-members:			
Loan received in the year		310,000	-
Repayment of bank loans		(197,371)	(329,697)
Transactions with members and former members:			
Capital introduced by members (classified as debt)		92,000	69,500
NET CASH (USED IN) FINANCING ACTIVITIES		204,630	(260,197)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(219,905)	(687,556)
CASH & CASH EQUIVALENTS AT THE START OF THE YEAR	4	183,553	871,109
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	4	(36,352)	183,553

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 2023

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 2021).

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.

Business combinations

The cost of a business combination is the fair value at the acquisition date, of the assets given and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquires is recognised as goodwill.

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 to 31 May 2022 the LLP made use of the government Coronavirus Job Retention Scheme. Amounts recognised under this scheme were recognised in the same period as the staff costs that the grant was intended to compensate; and were 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 December 2024, demonstrating we are able to operate within our secured bank facilities, 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.

DRUMMOND MILLER LLP
Registered Number SO300942
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2023

1. Accounting policies (*continued*)

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. We have assessed this period to be 4 years

Depreciation

Depreciation and amortisation is calculated so as to write off the cost of a fixed 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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2023

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'.

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.

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 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 (£1,777,364). The LLP uses a formal time management system and the amount included in the financial statements under amounts recoverable on contracts reflects both the time and the tasks for each individual.

Amortisation of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed regularly and are amended when necessary to reflect the period that assets are expected to bring economic benefits to the LLP. See note 9 for the carrying amount of the intangible assets, and note 1 for the useful economic lives for each class of assets. Actual results may differ from these estimates.

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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:

	2023 £	2022 £
United Kingdom	<u>6,683,581</u>	<u>5,657,698</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2023 £	2022 £
Amortisation of intangible assets	89,065	71,200
Depreciation of owned fixed assets	81,359	90,199
Income from joint venture investment	(15,375)	(14,117)
Operating lease costs:		
- Land and buildings	238,425	252,625
- Other	37,745	44,930
Auditor's remuneration	<u>22,160</u>	<u>19,550</u>

4. Reconciliation of Profit to Net Cash Generated from Operations

	2023 £	2022 £
Profit for the financial year available for discretionary division among members	1,372,353	869,824
Interest receivable	(88,774)	(1,480)
Interest payable	30,232	14,454
Investment income	(15,375)	(14,117)
	<u>1,298,436</u>	<u>868,681</u>
Adjustments for non-cash items:		
Depreciation and amortisation	170,423	161,399
Movement in provisions	-	-
Operating cash flows before movements in working capital	1,468,859	1,030,080
(Increase)/Decrease in debtors	(129,520)	(364,945)
Increase/(Decrease) in creditors	(9,855)	238,030
Cash generated from operations	<u>1,329,484</u>	<u>903,165</u>
Cash and Cash equivalents represent:		
Cash at bank	21,182	249,618
Bank overdraft	(57,534)	(66,065)
	<u>(36,352)</u>	<u>183,553</u>

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5. Employee Information

The aggregate payroll costs were:

	2023 £	2022 £
Wages and salaries	3,097,727	2,782,902
Social Security	293,140	259,970
Other Pension Costs	107,035	93,454
	<u>3,497,902</u>	<u>3,136,326</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.

	2023 Number	2022 Number
Legal staff	66	56
Administration and support staff	53	49
	<u>119</u>	<u>105</u>

6. Interest payable

	2023 £	2022 £
Interest payable on bank borrowing	30,232	14,454
	<u>30,232</u>	<u>14,454</u>

7. Members remuneration

	2023 £	2022 £
Members' remuneration charged as an expense:		
Members' prior shares of profit	995,672	839,359
Members' secondary profit shares	376,681	30,465
Total remuneration	<u>1,372,353</u>	<u>869,824</u>

	2023	2022
The average number of members during the year was	<u>16</u>	<u>14</u>

	2023 £	2022 £
The average members' remuneration during the year was	<u>80,727</u>	<u>61,648</u>
The remuneration of the highest paid member was	<u>129,521</u>	<u>78,862</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 £15,375 (2022: £14,117). 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 £
Cost			
At 1 June 2022	327,416	352,038	679,454
Additions	34,761	172,230	206,991
	<u>362,177</u>	<u>524,268</u>	<u>886,445</u>
At 31 May 2023			
Amortisation			
At 1 June 2022	232,959	352,038	584,997
Charge for the year	45,707	43,358	89,065
	<u>278,666</u>	<u>395,396</u>	<u>674,062</u>
At 31 May 2023			
Net book value			
As 31 May 2023	<u>83,511</u>	<u>128,872</u>	<u>212,383</u>
At 31 May 2022	<u>94,457</u>	<u>-</u>	<u>94,457</u>

10. Business Combinations

On 1st June 2022, Drummond Miller merged with Peacock Johnston. On this date the trade was transferred to Drummond Miller. This has been accounted for under acquisition accounting.

	Fair Value £
Amounts receivable from clients and on contracts	173,371
Amounts due to the Bank	(126,720)
Other Creditors	<u>(32,381)</u>
	14,270
Consideration satisfied by	
Cash	142,500
Capital contribution	44,000
Goodwill	172,230

The goodwill reflects the income from work undertaken and not completed at the date of acquisition. The goodwill will be amortised over 4 years.

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11. Tangible fixed assets

	Library £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost				
At 1 June 2022	9,696	414,082	230,102	653,880
Additions	-	11,590	10,207	21,797
Disposals		(9,542)	(63,655)	(73,197)
	<u>9,696</u>	<u>416,130</u>	<u>176,654</u>	<u>602,480</u>
At 31 May 2023	<u>9,696</u>	<u>416,130</u>	<u>176,654</u>	<u>602,480</u>
Depreciation				
At 1 June 2022	9,696	241,078	141,666	392,440
Charge for the year	-	40,891	40,468	81,359
Disposals		(9,542)	(63,655)	(73,197)
	<u>9,696</u>	<u>272,427</u>	<u>118,479</u>	<u>400,602</u>
At 31 May 2023	<u>9,696</u>	<u>272,427</u>	<u>118,479</u>	<u>400,602</u>
Net book value				
As 31 May 2023	<u>-</u>	<u>143,703</u>	<u>58,175</u>	<u>201,878</u>
At 31 May 2022	<u>-</u>	<u>173,004</u>	<u>88,436</u>	<u>261,440</u>

12. Debtors

	2023 £	2022 £
Trade debtors	498,762	560,724
Amounts recoverable on contracts	1,777,364	1,592,031
Sundry Debtors	21,342	28,800
Prepayments and accrued income	172,797	159,190
	<u>2,470,265</u>	<u>2,340,745</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade Creditors	232,486	373,364
Bank loans and overdraft	184,373	66,065
Amounts due to former partners	76,141	77,876
Taxation and social security	393,833	339,201
Accruals and deferred income	207,072	144,890
	<u>1,093,905</u>	<u>1,001,396</u>

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

14. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Amounts due to former partners	<u>43,581</u>	<u>105,513</u>

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15. Provisions for liabilities

	2023 £	2022 £
Office building dilapidation costs:		
Balance brought forward	16,411	16,411
Additional provision made in year	-	-
Used in year	-	-
	<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.

16. Borrowings

	2023 £	2022 £
Bank loans	126,839	-
Bank overdraft	57,534	66,065
	<u>184,373</u>	<u>66,065</u>
 Payable within one year	 184,373	 66,065
Payable after one year	-	-
	<u>184,373</u>	<u>66,065</u>

Bank overdrafts are annual facilities and are repayable on demand. The average rate on bank overdrafts was 7.23% (2022: 3.45%). Bank of Scotland holds a Floating Charge over all assets, goodwill, undertaking and uncalled capital, both present and future, of the company.

Borrowings were denominated and repaid in pounds sterling, and until repayment in the year, had contractual fixed interest rates, bearing average interest rates of 2.65% (2022: 2.65%) and did not contain conditional returns or repayment provisions other than to protect the lender from credit deterioration or changes in relevant legislation or taxation.

17. Commitments under operating leases

At 31 May 2023 the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2023		2022	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Payments on operating leases falling due:				
Within 1 year	238,425	28,023	198,656	32,547
Within 1 to 5 years	881,773	27,142	732,142	-
After more than 5 years	292,033	-	408,833	-
	<u>1,412,231</u>	<u>55,165</u>	<u>1,339,631</u>	<u>32,547</u>

18. Events after the Reporting Period

On 1st November 2023 Drummond Miller LLP took over the trade for Paterson Holms.