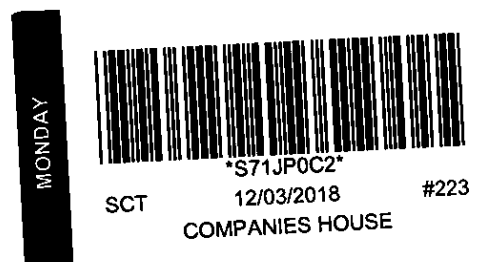


BURNESS PAULL LLP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 2017



REGISTRATION NUMBER: SO300380

BURNES PAULL LLP

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2017

Registration number: SO300380

Registered office: 50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Designated members: E Farquharson-Black (resigned 1 August 2017)
C Hulme
P Lawson
P E Rodney
T Tammes (appointed 1 August 2017)
J I Wattie

Bankers: Lloyds Banking Group plc
The Royal Bank of Scotland plc
Santander UK plc

Auditors: Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
110 Queen Street
Glasgow
G1 3BX

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The members present their report together with the financial statements of Burnes Paull LLP for the year ended 31 July 2017.

Principal activity

Burnes Paull LLP (“The LLP”) is principally engaged in the provision of legal services.

Business Review

The backdrop to the year 2016/17 was not without its challenges. At a macro level, the continuing uncertainty caused by Brexit, an unanticipated general election and the prospect of a second Scottish independence referendum created a complex backdrop. In addition, the oil and gas industry continued to adjust to the reality of long term low oil prices with further local rationalisation.

Our financial year was essentially flat. We delivered 1% growth in turnover, however as a result of increased costs, there was a 2% reduction in profit. Given the aforementioned external factors, the results were satisfactory.

During the year, we appointed new partners in our Property, Dispute Resolution, Banking and Pensions divisions.

The firm was voted Legal Business “Scottish Law Firm of the Year 2017” and was runner up in the Law Awards of Scotland “International Law Firm of the Year” category. For the second year in succession, we topped the Scottish Business Insider deals table – the barometer of activity in the Scottish corporate market.

Our international strategy is of increasing importance as Scotland continues to attract more inward investment and our clients develop their businesses globally relying on us to project manage transactions working with our peer partnership of leading local firms. Around 40% of our business now has an international dimension to it. During this year we have had successful business development initiatives in China, India, Israel, Norway and the USA.

Supporting our wider community is a key value of the firm. We continued to develop our engagement with Street Soccer including our sponsorship of the Scotland Team in the Homeless World Cup. In its second full year the Burnes Paull Foundation supported 29 charities and causes, in particular the Gloag Foundation’s Freedom from Fistula. We have seen some fantastic contributions from across the firm. It’s not just about financial support. We are especially proud of the time individuals have devoted to the various charities and causes throughout the year including volunteering with Bedrock Trust to build children’s play areas & making donations to the annual Christmas appeal which supports local homeless charities and foodbanks. Their efforts have made a real difference to children and adults across Scotland, the UK and internationally.

Designated members

The designated members during the year were as follows:

E Farquharson-Black (resigned 1 August 2017)
C Hulme
P Lawson
P E Rodney
T Tammes (appointed 1 August 2017)
J I Wattie

Going concern

The LLP is financed by members' capital and retained profits and has access to bank facilities to supplement these if required. The members prepare regular business forecasts and monitor the projected cash flow position against available facilities. Forecasts have been prepared for the next twelve months that take account of possible changes in trading performance, and these show that the LLP should be able to operate within its current facilities. Consequently, the members continue to adopt the going concern basis in preparing these financial statements.

Members' drawings and capital policy

During the year the members receive monthly drawings. The monthly drawings represent a payment on account of profits, which is credited to the members' current accounts. The cash requirements of the LLP will always be carefully considered when reviewing the need to allow cash drawings by members. Tax liabilities are paid directly to the authorities on the members' behalf.

Profits are allocated automatically between the members based on the profit sharing arrangements in existence.

The capital requirements of the LLP are determined by the Board and are reviewed regularly. Each member is required to subscribe a proportion of this capital. The amount of capital subscribed by each member is usually linked to the earnings allocated to that member. An allocation of profit, which is equivalent to an interest rate of 2% over base rate, is paid on the capital. On leaving the LLP, a member's capital is repaid in accordance with the LLP agreement.

Statement of members' responsibilities in respect of the financial statements

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year. Under the law the members have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditors is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

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

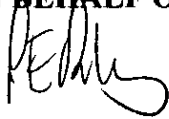
BURNES PAULL LLP

MEMBERS' REPORT (CONTINUED)

Independent Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors will be proposed at a forthcoming meeting of the Designated Members.

ON BEHALF OF THE MEMBERS



PHILIP E RODNEY, DESIGNATED MEMBER

DATE 15th December 2017

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF

BURNES PAULL LLP

Opinion

We have audited the financial statements of Burnes Paul LLP (the 'limited liability partnership') for the year ended 31 July 2017 which comprise the balance sheet, the profit and loss account and statement of retained earnings, the cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 July 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.

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 the 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.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
BURNES PAULL LLP (CONTINUED)**

continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 26, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 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.

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement set out on page 3, 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
BURNES PAULL LLP (CONTINUED)**

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.

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



Andrew Howie

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

Date: 15 December 2017

BURNES PAULL LLP

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2017

ENTITY INFORMATION

Burnes Paull is a Limited Liability Partnership (LLP) registered in Scotland with a registered office at 50 Lothian Road, Edinburgh.

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), Companies Act 2006 as applied by LLP's and the Statement of Recommended Practice (SORP), "Accounting by Limited Liability Partnerships", issued in July 2014.

The financial statements are presented in Sterling £.

The principal accounting policies are summarised below. These have been applied consistently throughout the current year and the preceding year.

PRINCIPAL ACCOUNTING POLICIES

TURNOVER

Turnover represents revenue earned under a wide variety of contracts to provide professional services, net of VAT and outlays.

AMOUNTS RECOVERABLE ON SERVICE CONTRACTS

Services provided to clients during the year, which at the balance sheet date have not been billed to clients, have been recognised as turnover in accordance with FRS 102 section 23.

INTANGIBLE FIXED ASSETS AND DEPRECIATION

Intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is calculated to write down the cost of all intangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Computer software	3 years
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BURNES PAULL LLP

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 July 2017

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Leasehold improvements	Period of lease or 15 years, whichever is least
Furniture and equipment	5 & 10 years
Computer equipment	3 years

LEASED ASSETS

Payments under operating lease are charged to the profit and loss account on a straight-line basis over the lease term.

MEMBERS' REMUNERATION

Remuneration is paid to certain members under fixed share profit arrangements, together with interest on members' funds, and is included in "Members' remuneration charged as an expense".

The remaining profits of the LLP are automatically divided among the members in accordance with the members' agreement, and included in "Members' remuneration charged as an expense".

TAXATION

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 of the partnership and are so included in "Loans and other debts due to members".

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

PENSION COSTS

Pension costs in respect of defined contribution pension arrangements are charged to the profit and loss account based on the amounts payable in respect of the accounting period.

DEBTORS

Short term debtors are measured at transaction price, less any impairment.

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 July 2017

CREDITORS

Short term creditors are measured at transaction price.

FINANCIAL INSTRUMENTS

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

Where the contractual obligations of financial instruments (including members' capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Where the contractual terms of members' capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Profit distributions relating to equity instruments are debited direct to equity.

BURNES PAULL LLP

ACCOUNTING ESTIMATES

For the year ended 31 July 2017

ACCOUNTING ESTIMATES

Preparation of the financial statements includes significant estimates which include the following:

AMOUNTS RECOVERABLE ON SERVICE CONTRACTS

Amounts recoverable on service contracts that is recognised as turnover, 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 against unbilled amounts where the right to receive payment is contingent and dependent on factors outside the control of the LLP. Unbilled revenue is included in debtors.

TRADE DEBTORS

The LLP makes certain provision estimates in relation to the recoverability of trade debtors by performing a detailed assessment of the age, size and nature of the unpaid bills. A provision is then recorded against doubtful debts as required.

STAFF COSTS

Staff costs include a provision for holiday pay in respect of holidays accrued as at 31 July 2017 and entitled to be carried forward by employees and are measured as the salary costs payable (including employers' national insurance) for the period of absence.

PROPERTY COSTS

Property costs include a provision for dilapidations which is based on an estimate provided by an external independent property agent which details the full cost expected to restore the property back to the original condition upon the end of the lease. This is recognised as an expense in the profit and loss statement and is provided for over the duration of the lease.

BURNES PAULL LLP**PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS**

For the year ended 31 July 2017

	Note	2017 £	2016 £
Turnover	1	53,839,188	53,316,911
Operating expenses		<u>(31,884,398)</u>	<u>(30,830,596)</u>
Operating profit		21,954,790	22,486,315
Interest receivable and similar income		70,300	89,677
Interest payable and similar charges	3	(28,378)	(42,642)
Profit for the financial year before members' remuneration and profit shares	2	<u>21,996,712</u>	<u>22,533,350</u>
Members' remuneration charged as an expense	12	(21,996,712)	(22,533,350)
Profit for the financial year available for discretionary division among members		<u>-</u>	<u>-</u>

All activities of the LLP are continuing. There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

BURNES PAULL LLP**BALANCE SHEET**

For the year ended 31 July 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	1,307,894	1,654,494
Intangible assets	7	361,338	233,859
Current assets			
Debtors	8	24,481,238	23,210,378
Cash at bank and in hand		6,328,648	7,785,263
		30,809,886	30,995,641
Creditors: amounts falling due within one year	9	(3,495,237)	(3,667,145)
Net current assets		27,314,649	27,328,496
Total assets less current liabilities		28,983,881	29,216,849
Creditors: amounts falling due after more than one year	10	(297,456)	(350,000)
Provisions for liabilities and charges	11	(1,865,982)	(1,681,894)
NET ASSETS ATTRIBUTABLE TO MEMBERS		26,820,443	27,184,955
REPRESENTED BY:			
Loans and other amounts due to members			
Members' capital classified as a liability	12	5,943,375	6,028,050
Other amounts	12	20,877,068	21,156,905
Equity			
Members' other interests	12	-	-
		26,820,443	27,184,955

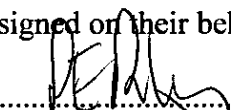
BURNES PAULL LLP

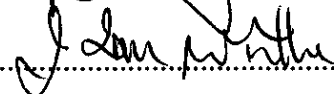
BALANCE SHEET (CONTINUED)

For the year ended 31 July 2017

		2017	2016
		£	£
TOTAL MEMBERS' INTERESTS			
Amounts due from members	12	(1,362,782)	(1,434,475)
Loans and other amounts due to members	12	26,820,443	27,184,955
		<u>25,457,661</u>	<u>25,750,480</u>

The financial statements were approved by the members on 15 December 2017 and were signed on their behalf by:


..... Philip E Rodney


..... J Ian Wattie

15 December 2017

The accompanying accounting policies and notes form an integral part of these financial statements.

Registration Number: SO300380

BURNES PAULL LLP**CASH FLOW STATEMENT**

For the year ended 31 July 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	21,996,712	22,533,350
Adjustments for:		
Depreciation of tangible assets	430,693	447,069
Amortisation of intangible assets	153,654	150,368
Loss on disposal of tangible assets	-	174
Interest paid	28,378	42,642
Interest received	(70,300)	(89,677)
Increase in debtors	(1,342,553)	(563,786)
Decrease in creditors	(30,083)	(1,754,946)
Increase in provision	184,088	256,003
Net cash generated from operating activities before transactions with members	<u>21,350,589</u>	<u>21,021,197</u>
Cash flows from investing activities		
Purchase of tangible assets	(84,093)	(286,444)
Purchase of intangible assets	(281,133)	(141,763)
Net cash flow from investing activities	<u>(365,226)</u>	<u>(428,207)</u>
Cash flows from financing activities		
Proceeds from bank loans	1,305,630	1,349,080
Repayment of bank loans	(1,499,999)	(1,242,250)
Interest paid	(28,378)	(42,642)
Interest received	70,300	89,677
Capital introduced by members	341,575	464,125
Repayment of capital to members	(426,250)	(259,375)
Payments to members	(22,204,856)	(23,980,714)
Net cash used in financing activities	<u>(22,441,978)</u>	<u>(23,622,099)</u>
Net decrease in cash and cash equivalents	<u>(1,456,615)</u>	<u>(3,029,109)</u>
Cash and cash equivalents at the beginning of the year	<u>7,785,263</u>	<u>10,814,372</u>
Cash and cash equivalents at the end of the year	<u>6,328,648</u>	<u>7,785,263</u>
	<u>(1,456,615)</u>	<u>(3,029,109)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

BURNES PAULL LLP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 TURNOVER

	2017 £	2016 £
Turnover	<u>53,839,188</u>	<u>53,316,911</u>

Turnover is attributable to only one source of business.

All turnover arose within the United Kingdom.

2 PROFIT FOR THE FINANCIAL YEAR

The profit for the financial year is stated after charging:

	2017 £	2016 £
Depreciation - owned tangible assets	430,693	447,069
Amortisation – owned intangible assets	153,654	150,368
Loss on disposal of fixed assets	-	174
Auditor's remuneration - audit fees	30,000	32,450
- non audit fees	47,909	-
Operating lease rentals - property	2,284,879	2,200,649
- other	<u>105,919</u>	<u>55,672</u>

3 INTEREST PAYABLE AND OTHER SIMILAR CHARGES

	2017 £	2016 £
On bank loans and overdrafts	23,353	41,010
Other interest payable and similar charges	5,025	1,632
	<u>28,378</u>	<u>42,642</u>

BURNES PAULL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 July 2017

4 EMPLOYEE COSTS

Employee costs during the year (excluding members) were as follows:

	2017	2016
	£	£
Salaries	16,512,117	15,934,333
Social security costs	1,680,817	1,623,597
Other pension costs	958,770	894,867
Other employee costs	597,233	369,930
	<u>19,748,937</u>	<u>18,822,727</u>

The LLP operates a defined contribution pension scheme, the assets of which are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £958,770 (2016: £894,867).

Average number of employees of the partnership during the year (excluding members):

	2017	2016
	Number	Number
Legal advisers	254	233
Administrative and support employees	171	161
	<u>425</u>	<u>394</u>

BURNES PAULL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 July 2017

5 MEMBERS' SHARE OF PROFITS

Profits are shared among the members 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.

The average number of members during the financial year was as follows:

	2017 Number	2016 Number
Average number of members during the period	<u>59</u>	<u>58</u>

Profit attributable to the recurring member with the largest entitlement to profit was £671,145 (2016: £652,753).

6 TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 August 2016	3,591,606	1,682,201	1,000,549	6,274,356
Additions	18,331	20,938	44,824	84,093
Disposals	-	-	-	-
At 31 July 2017	<u>3,609,937</u>	<u>1,703,139</u>	<u>1,045,373</u>	<u>6,358,449</u>
Depreciation				
At 1 August 2016	2,444,184	1,419,347	756,331	4,619,862
Provided in the year	187,440	99,756	143,497	430,693
Released on disposals	-	-	-	-
At 31 July 2017	<u>2,631,624</u>	<u>1,519,103</u>	<u>899,828</u>	<u>5,050,555</u>
Net book value at 31 July 2017	<u>978,313</u>	<u>184,036</u>	<u>145,545</u>	<u>1,307,894</u>
Net book value at 31 July 2016	<u>1,147,422</u>	<u>262,854</u>	<u>244,218</u>	<u>1,654,494</u>

BURNES PAULL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 July 2017

7 INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
At 1 August 2016	1,192,996
Additions	281,133
Disposals	-
At 31 July 2017	<u>1,474,129</u>
Amortisation	
At 1 August 2016	959,137
Provided in the year	153,654
Released on disposals	-
At 31 July 2017	<u>1,112,791</u>
Net book value at 31 July 2017	<u>361,338</u>
Net book value at 31 July 2016	<u>233,859</u>

8 DEBTORS

	2017 £	2016 £
Trade debtors	12,876,617	12,672,839
Amounts recoverable on contracts	8,689,981	7,620,889
Other debtors	167,118	201,761
Prepayments and accrued income	1,384,740	1,280,414
Amounts due from members	1,362,782	1,434,475
	<u>24,481,238</u>	<u>23,210,378</u>

All debtors fall due within one year. Amounts due from members represents amounts loaned to members to fund overlap tax liabilities.

An impairment loss of £325,517 (2016: £278,425) was recognised against trade debtors.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Term loans (see note 10)	586,058	727,883
Trade creditors	728,658	564,524
Social security and other taxes	1,408,897	1,808,481
Accruals and deferred income	771,624	566,257
	<u>3,495,237</u>	<u>3,667,145</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Term loans	<u>297,456</u>	<u>350,000</u>

The term loans falling due are repayable as follows:

	2017	2016
	£	£
Within one year	586,058	727,883
After 1 year and within 2 years	297,456	200,000
After 2 years and within 5 years	-	150,000
	<u>-</u>	<u>150,000</u>

The LLP has 3 term loans. The first is repayable in equal quarterly instalments of £50,000 from March 2009 to February 2019 with fixed interest charges at commercial rates. The second is repayable in equal monthly instalments of £96,514 from December 2016 to November 2017. The final loan is a draw down facility initiated in March 2017 of £875,000 in total, of which £147,456 has been utilised to date, repayable quarterly commencing December 2018 until March 2020.

Up to the facility drawdown expiration date interest is charged at a variable rate on drawn down funds, after which it is fixed at commercial rates. During the facility drawdown period a commitment fee is also charged on the non utilised portion of the facility at a fixed interest rate

BURNES PAULL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 July 2017

11 PROVISION FOR LIABILITIES AND CHARGES

	Dilapidations	Holiday pay	Total
	£	£	£
At 1 August 2016	1,246,070	435,824	1,681,894
Charge for year	183,090	998	184,088
Provision released during year	-	-	-
At 31 July 2017	<u>1,429,160</u>	<u>436,822</u>	<u>1,865,982</u>

The dilapidations provision represents the expected consideration required to restore leased properties back to their original condition at the end of the lease term. A dilapidations assessment is conducted by an external property consultant and a report provided to the LLP upon which the dilapidations provision is based.

The holiday pay provision represents the holidays accrued as at 31 July 2017 as a result of services rendered which employees are entitled to carry forward. This provision is measured as the salary costs payable (including employer's national insurance) for the period of absence.

12 MEMBERS' INTERESTS

	Members' capital classified as a liability £	Loans and other amounts due to members £	Total £
At 1 August 2015	5,823,300	21,169,794	26,993,094
Members' remuneration charged as an expense	-	22,533,350	22,533,350
Members' interests after profit for year	5,823,300	43,703,144	49,526,444
Introduced by members	464,125	-	464,125
Capital repaid	(259,375)	-	(259,375)
Drawings & distributions	-	(23,980,714)	(23,980,714)
At 31 July 2016	6,028,050	19,722,430	25,750,480
Members' remuneration charged as an expense	-	21,996,712	21,996,712
Members' interests after profit for year	6,028,050	41,719,142	47,747,192
Introduced by members	341,575	-	341,575
Capital repaid	(426,250)	-	(426,250)
Drawings & distributions	-	(22,204,856)	(22,204,856)
At 31 July 2017	5,943,375	19,514,286	25,457,661

The loans and other debts due to/ (from) members can be analysed as follows:

	2017 £	2016 £
Amounts due from members included in debtors	(1,362,782)	(1,434,475)
Loans and other amounts due to members	20,877,068	21,156,905
	19,514,286	19,722,430

BURNES PAULL LLP**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the year ended 31 July 2017

13 CAPITAL COMMITMENTS

Amount contracted for but not provided for in the financial statements amounted to £701,638 (2016: Nil).

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2017 or 31 July 2016.

15 LEASING COMMITMENTS

As at 31 July 2017 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	2,267,249	90,460	2,267,249	-
Between one and five years	8,625,824	293,995	9,068,997	-
In five years or more	2,130,517	-	3,954,592	-
	<u>13,023,590</u>	<u>384,455</u>	<u>15,290,838</u>	<u>-</u>

This represents the combined commitment for office rentals up to the lease expiration date and for the commitment per the lease for office photocopiers.

16 RELATED PARTIES

Key management personnel include members of the Operations Board who together have responsibility for planning, directing and controlling activities of the LLP. The total compensation paid to key management personnel for services provided to the LLP was £2,381,718 (2016: £2,277,495).

For the year ended 31 July 2017

17 FINANCIAL INSTRUMENTS**Financial Assets**

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	23,096,498	21,929,964
	<u>23,096,498</u>	<u>21,929,964</u>

Financial Liabilities

	2017	2016
	£	£
Financial liabilities measured at amortised cost	2,383,796	2,208,664
	<u>2,383,796</u>	<u>2,208,664</u>

Financial assets measured at amortised cost comprise client debtors, other debtors and amounts due from members.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

18 FINANCIAL RISK MANAGEMENT**Financial risk management objectives and policies**

The LLP uses financial instruments and these include bank overdrafts and loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the LLP to a number of financial risks, which are described below:

Liquidity risk - The LLP seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. The LLP has an unsecured overdraft and loan facilities to assist in managing liquidity risk.

Interest rate risk - The LLP finances its operations through a mixture of retained profits, finance leases, bank overdrafts and loans. The LLP has a policy of maintaining debt at both fixed and

18 FINANCIAL RISK MANAGEMENT (CONTINUED)

floating rates thereby enabling the LLP to benefit from any reduction in interest rates, while still maintaining an element of certainty over the future interest cash flows.

Credit risk - Credit risk arises from the risk of clients' invoices not being settled. However, the LLP only trades wherever possible with recognised, creditworthy third parties. It is the LLP's policy that all clients who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the LLP's exposure to bad debts is not significant.

19 CONTROLLING AND RELATED PARTY TRANSACTIONS

In the opinion of the members there is no controlling party as defined by FRS 102 Section 33 "Related Party Disclosures". The ultimate controlling related party is considered to be the members in aggregate.