

GILSON GRAY LLP
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021



GILSON GRAY LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

Mr G Gilson
Mr D Hamill

Limited liability partnership number SO304731

Registered office

29 Rutland Square
Edinburgh
United Kingdom
EH1 2BW

Auditor

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

GILSON GRAY LLP

CONTENTS

	Page
Members' report	1 - 2
Independent auditor's report	3 - 6
Statement of comprehensive income	7
Balance sheet	8
Reconciliation of members' interests	9 - 10
Statement of cash flows	11
Notes to the financial statements	12 - 23

GILSON GRAY LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The members present their annual report and financial statements for the year ended 30 April 2021.

Principal activities

The principal activity of the limited liability partnership continued to be that of full service law firm.

Members' drawings, contributions and repayments

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 amounts of which is determined by the performance and seniority of those members. On retirement, capital is repaid to members.

Designated members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Gilson

Mr D Hamill

Auditor

Johnston Carmichael LLP were appointed as auditor to the limited liability partnership and in accordance with section 485 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), a resolution proposing that they be re-appointed will be put at a general meeting.

Statement of members' responsibilities

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that period.

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

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GILSON GRAY LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Approved by the members on 30 April 2022 and signed on behalf by:



Mr D Hamill
Designated Member

GILSON GRAY LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILSON GRAY LLP

Opinion

We have audited the financial statements of Gilson Gray LLP (the 'limited liability partnership') for the year ended 30 April 2021 which comprise the statement of comprehensive income, the balance sheet, 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 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 30 April 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 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.

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, except to the extent otherwise explicitly stated in our report, 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.

GILSON GRAY LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GILSON GRAY LLP

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

GILSON GRAY LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GILSON GRAY LLP

We obtained an understanding of the legal and regulatory frameworks that are applicable to the partnership. The most relevant frameworks identified include:

- UK GAAP
- Companies Act 2006
- VAT legislation
- General Data Protection Regulation (GDPR)
- Anti Money Laundering legislation
- Law Society of Scotland
- Health and safety legislation

We gain an understanding of how the partnership is complying with laws and regulations by making enquires with management. We corroborated these enquires through our review of submitted returns, internal reporting and correspondence with regulatory bodies.

We assessed the susceptibility of the partnership's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management oversee the implementation and operation of controls. In areas of the financial statements where the risks were higher, we performed procedures to address each identified risk. The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing the level of and reasoning behind the partnership's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluation of the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimate's for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material risk due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

GILSON GRAY LLP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GILSON GRAY LLP

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Johnston Carmichael LLP

Barry Masson (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

30 April 2022

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

GILSON GRAY LLP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	12,584,394	9,115,220
Cost of sales		(773,757)	(895,288)
Gross profit		11,810,637	8,219,932
Administrative expenses		(7,157,288)	(5,715,994)
Other operating income		149,912	62,714
Operating profit	4	4,803,261	2,566,652
Income from participating interests	7	631,602	309,708
Other interest receivable and similar income	7	1,464	25,332
Interest payable and similar expenses	8	(51,243)	(45,143)
Profit for the financial year before members' remuneration and profit shares		5,385,084	2,856,549
Members' remuneration charged as an expense	6	(5,385,084)	(2,856,549)
Result for the financial year available for discretionary division among members		-	-

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

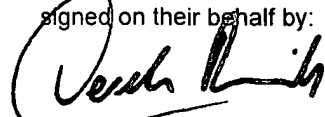
GILSON GRAY LLP

BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	9	77,059		73,709	
Investments	10	641,456		183,854	
		<u>718,515</u>		<u>257,563</u>	
Current assets					
Debtors	12	6,431,676		5,119,237	
Cash at bank and in hand		5,412,148		1,675,672	
		<u>11,843,824</u>		<u>6,794,909</u>	
Creditors: amounts falling due within one year	14	(5,308,262)		(3,141,136)	
Net current assets		<u>6,535,562</u>		<u>3,653,773</u>	
Total assets less current liabilities		<u>7,254,077</u>		<u>3,911,336</u>	
Creditors: amounts falling due after more than one year	15	(1,399,723)		(113,895)	
Net assets attributable to members		<u>5,854,354</u>		<u>3,797,441</u>	
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits		<u>5,854,354</u>		<u>3,797,441</u>	
Total members' interests					
Loans and other debts due to members		<u>5,854,354</u>		<u>3,797,441</u>	
		<u>5,854,354</u>		<u>3,797,441</u>	

The financial statements were approved by the members and authorised for issue on 30 April 2022 and are signed on their behalf by:



Mr D Hamill
Designated member

Limited Liability Partnership Registration No. SO304731

GILSON GRAY LLP

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 30 APRIL 2021

Current financial year

	DEBT		TOTAL
	Loans and other debts due to members less any amounts due from members in debtors		MEMBERS' INTERESTS
	Other amounts £	Total £	Total 2021 £
Amounts due to members	3,797,441		
Members' interests at 1 May 2020	3,797,441	3,797,441	3,797,441
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	5,385,084	5,385,084	5,385,084
Result for the financial year available for discretionary division among members	-	-	-
Members' interests after loss and remuneration for the year	9,182,525	9,182,525	9,182,525
Drawings	(3,328,171)	(3,328,171)	(3,328,171)
Members' interests at 30 April 2021	5,854,354	5,854,354	5,854,354

GILSON GRAY LLP

RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

<i>Prior financial year</i>	DEBT		TOTAL
	Loans and other debts due to members less any amounts due from members in debtors		MEMBERS' INTERESTS
	Other amounts £	Total £	Total 2020 £
Members' interests at 1 May 2019	2,615,024	2,615,024	2,615,024
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	2,856,549	2,856,549	2,856,549
Result for the financial year available for discretionary division among members	-	-	-
Members' interests after loss and remuneration for the year	5,471,573	5,471,573	5,471,573
Introduced by members	855,000	855,000	855,000
Drawings	(2,474,132)	(2,474,132)	(2,474,132)
Other movements	(55,000)	(55,000)	(55,000)
Members' interests at 30 April 2020	3,797,441	3,797,441	3,797,441

GILSON GRAY LLP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	20	4,801,100		2,011,868	
Interest paid		(51,243)		(45,143)	
Net cash inflow from operating activities		4,749,857		1,966,725	
Investing activities					
Purchase of tangible fixed assets		(58,467)		(101,994)	
Receipts from joint ventures		180,000		309,700	
Purchase of investments		(6,000)		-	
Interest received		1,464		25,332	
Net cash generated from investing activities		116,997		233,038	
Financing activities					
Capital introduced by members (classified as debt or equity)		-		855,000	
Payments to members that represent a return on amounts subscribed or otherwise contributed		(3,328,171)		(2,474,132)	
Repayment of bank loans		2,197,793		306,835	
Net cash used in financing activities		(1,130,378)		(1,312,297)	
Net increase in cash and cash equivalents		3,736,476		887,466	
Cash and cash equivalents at beginning of year		1,675,672		788,206	
Cash and cash equivalents at end of year		5,412,148		1,675,672	

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Limited liability partnership information

Gilson Gray LLP is a limited liability partnership incorporated in Scotland. The registered office is 29 Rutland Square, Edinburgh, United Kingdom, EH1 2BW.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

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

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the amounts recoverable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time.

If, at the Balance sheet date, completion of contractual obligations is dependent on external factors (and thus outside the control of the Limited Liability Partnership), then revenue is recognised only when the event occurs. In such cases, costs incurred up to the Balance sheet date are carried forward as work in progress.

1.4 Members' participating interests

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 FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

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 within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified 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.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% Straight Line
IT	33% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Entities in which the limited liability partnership has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities 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.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts; are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits and post retirement payments to members

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measure on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in accordance with the performance model. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

Work in progress

Partners at Gilson Gray are responsible for monitoring their own work in progress, billing invoices and writing off work in progress that is not recoverable.

Determining the carrying value of work in progress of £2,433,329 (2020: £2,009,856) involves significant estimation in assessing the accuracy and recoverability of client balances.

3 Turnover

An analysis of the limited liability partnership's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Provision of legal services	12,584,394	9,115,220
	<u>12,584,394</u>	<u>9,115,220</u>
	2021 £	2020 £
Turnover analysed by geographical market		
UK	12,584,394	9,115,220
	<u>12,584,394</u>	<u>9,115,220</u>

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

3 Turnover (Continued)

	2021	2020
	£	£
Other significant revenue		
Interest income	1,464	25,332
Grants received	113,912	26,714

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(113,912)	(26,714)
Fees payable to the LLP's auditor for the audit of the LLP's financial statements	16,500	12,000
Depreciation of owned tangible fixed assets	55,117	105,475
Operating lease charges	299,559	298,682

5 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

2021	2020
Number	Number
97	125

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,876,117	2,743,525
Social security costs	275,273	258,052
Pension costs	87,219	75,836
	3,238,609	3,077,413

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

6 Members' remuneration

	2021 Number	2020 Number
Average number of members during the year	21	18
	<u>2021</u> £	<u>2020</u> £
Profit attributable to the member with the highest entitlement	1,306,457	452,707
Members' remuneration comprises:	2021 £	2020 £
Remuneration under participation rights	5,385,084	2,856,549

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	1,464	25,332
Income from fixed asset investments		
Income from participating interests - associates	631,602	309,708
Total income	633,066	335,040
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	1,464	25,332

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,243	23,416
Other interest	42,000	21,727
	51,243	45,143

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

9 Tangible fixed assets

	Fixtures and fittings £	IT £	Total £
Cost			
At 1 May 2020	238,209	128,269	366,478
Additions	7,057	51,410	58,467
At 30 April 2021	245,266	179,679	424,945
Depreciation and impairment			
At 1 May 2020	220,899	71,870	292,769
Depreciation charged in the year	24,367	30,750	55,117
At 30 April 2021	245,266	102,620	347,886
Carrying amount			
At 30 April 2021	-	77,059	77,059
At 30 April 2020	17,310	56,399	73,709

10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in joint ventures	11	579,456	127,854
Unlisted investments		62,000	56,000
		641,456	183,854

Movements in fixed asset investments

	Shares in joint ventures £	Other investments £	Total £
Cost or valuation			
At 1 May 2020	127,854	56,000	183,854
Additions	-	6,000	6,000
Share of remuneration for the period	631,602	-	631,602
Disposals - drawings	(180,000)	-	(180,000)
At 30 April 2021	579,456	62,000	641,456
Carrying amount			
At 30 April 2021	579,456	62,000	641,456
At 30 April 2020	127,854	56,000	183,854

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

11 Joint ventures

Details of the limited liability partnership's joint ventures at 30 April 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Gilson Gray Financial Management LLP *	Scotland	Financial Services	Ordinary	51

* 29 Rutland Square, Edinburgh, Lothian, EH1 2BW

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,760,910	2,059,625
Gross amounts owed by contract customers	2,433,329	2,009,859
Amounts owed by group undertakings	198,936	161,294
Other debtors	652,763	656,889
Prepayments and accrued income	385,738	231,570
	<u>6,431,676</u>	<u>5,119,237</u>

13 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>3,164,572</u>	<u>966,779</u>
Payable within one year	1,792,349	966,779
Payable after one year	<u>1,372,223</u>	<u>-</u>

The Covid Business Interruption Loan is secured by the EFG Guarantee, the loan from Clydesdale Bank and Lloyds Bank are secured by a floating charge over the assets of Gilson Gray LLP. Interest is charged at a rate of 3% above base rate. The loans are due to be fully repaid by 2024.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	13	1,792,349	966,779
Trade creditors		835,605	811,306
Amounts owed to group undertakings		1,109,009	612,527
Other taxation and social security		861,749	430,316
Other creditors		145,735	57,524
Accruals and deferred income		563,815	262,684
		<u>5,308,262</u>	<u>3,141,136</u>

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	13	1,372,223	-
Other creditors		27,500	113,895
		<u>1,399,723</u>	<u>113,895</u>

16 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>87,219</u>	<u>75,836</u>

The limited liability partnership operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the limited liability partnership in an independently administered fund.

17 Loans and other debts due to members

	2021 £	2020 £
Analysis of loans		
Amounts owed to members in respect of profits	<u>5,854,354</u>	<u>3,797,441</u>

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

18 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	288,967	288,967
Between two and five years	1,155,868	1,155,868
In over five years	1,641,698	1,930,665
	<u>3,086,533</u>	<u>3,375,500</u>

19 Related party transactions

Remuneration of key management personnel

The total remuneration of the members of the LLP who are considered to be the key management personnel of the LLP was £3,478,694 (2020: £1,450,245).

Transactions with related parties

During the year the limited liability partnership entered into the following transactions with related parties:

	2021 £	2020 £
Transactions in the period - Management charge		
Entities over which the LLP has control, joint control or significant influence	<u>777,169</u>	<u>895,288</u>

	2021 £	2020 £
Amounts due to related parties		
Entities over which the LLP has control, joint control or significant influence	<u>(1,109,009)</u>	<u>(612,527)</u>

The following amounts were outstanding at the reporting end date:

	2021 £	2020 £
Amounts due from related parties		
Entities over which the LLP has control, joint control or significant influence	<u>198,936</u>	<u>161,294</u>

GILSON GRAY LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

20 Cash generated from operations	2021 £	2020 £
Profit for the year	5,385,084	2,856,549
Adjustments for:		
Finance costs recognised in profit or loss	51,243	45,143
Investment income recognised in profit or loss	(633,066)	(335,040)
Depreciation and impairment of tangible fixed assets	55,117	105,475
Movements in working capital:		
Increase in debtors	(1,312,439)	(1,455,231)
Increase in creditors	1,255,161	794,972
Cash generated from operations	<u>4,801,100</u>	<u>2,011,868</u>
21 Analysis of changes in net funds	1 May 2020 £	Cash flows 30 April 2021 £
Cash at bank and in hand	1,675,672	3,736,476
Borrowings excluding overdrafts	(966,779)	(2,197,793)
Balances before members' debt	<u>708,893</u>	<u>1,538,683</u>
Loans and other debts due to members:		
- Other amounts due to members	(3,797,441)	(2,056,913)
Balances including members' debt	<u>(3,088,548)</u>	<u>(518,230)</u>
	<u>(3,088,548)</u>	<u>(3,606,778)</u>