Company Registration No. 05743784 (England and Wales)

FLETCHERS SOLICITORS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2017

FLETCHERS SOLICITORS LIMITED

COMPANY INFORMATION

Directors	E Fletcher R Fletcher S Threlfall G Carrington R Savage P Duncanson A Hatchman A Denson
Secretary	G Carrington
Company number	05743784
Registered office	Dukes House 34 Hoghton Street Southport Merseyside PR9 0PU
Auditor	RSM UK Audit LLP Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG

FLETCHERS SOLICITORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present the strategic report and financial statements for the year ended 30 April 2017.

Fair review of the business

The year to 30 April 2017 has been a year of continued investment in the business including the opening of a second office in Manchester to support our growth strategy . The firm continues to be focused on being number one in the industry in our three core areas of Medical Negligence, Serious Injury and Motorbike Accident Claims. For Medical Negligence our trading style of 'Patient Claim Line' has continued to perform strongly. The Medical Law Network, a collective marketing approach developed by Fletchers Solicitors in conjunction with other like - minded medical negligence firms, has continued to grow in importance with the admission of new member firms. Many of the original network members have contributed greater sums to the overall marketing expenditure for the Patient Claim Line trading style. The other major area of investment continues to be our people, their recruitment, development and training to conduct and support the work arising from our marketing approach. Continued recognition of this investment came in February 2017 with Fletchers Solicitors being awarded the coveted The Sunday Times 100 Best Companies to Work For for the second year running and The Guardian's Great Places to Work For for the first time. Holding both these coveted awards simultaneously in 2017 is unique in the legal industry. Investment in and development of our people will continue to be a vital part of our growth plans.

The business has performed very well with turnover increasing by £2.0m to £18.5m (2016: £16.5m) but with operating profit before amortisation reducing from £1.8m (2016) to £0.6m as a consequence of investment in the business. This investment in the business is reflected in the balance sheet with increases in cash tied up in debtors and amounts recoverable on contracts which has increased by £5.0m from £17.8m to £23.2m. This investment is primarily the reason for the net outflow from operating activities of £4.1m in the year, which has been financed by new bank borrowings of £500k and increases in other borrowings of £2.6m. The net impact of this and other movement in cash is a reduction in bank balances from £1.7m to £157k at 30 April 2017. This investment was anticipated in the 2016 Strategic Report.

Net current assets are impacted in 2017 by the bank loan of £3.5m falling due for repayment within one year. A new loan facility has been negotiated post year end of £5.5m.

Principal risks and uncertainties

The principal risks are as follows:

<u>Regulatory uncertainty</u> – we have responded to the Consultation Document around a Fixed Recoverable Costs Regime for medical negligence work in May 2017. A further report by the National Audit Office in September 2017 has called for a coherent cross–government strategy as a response to the increasing cost of clinical negligence by September 2018. Continued delay in the post Brexit environment regarding the implementation of this strategy creates uncertainty. For some law firms the potential for reduced profitability will mean it is not commercially viable for them to represent clients in the future. Fletchers Solicitors have developed their marketing approach, their systems and processes to minimise the impact of such changes on the business. Moving to a fixed cost regime appears inevitable and we are well positioned to manage the transition to such a regime to allow us to continue to strive to be the number one choice for clients in the medical negligence arena.

The Ministry of Justice launched a Consultation Document in February 2017 which it is proposed that there would be regulatory change to introduce a tariff system to replace the right to general damages for minor soft tissue injuries ("whiplash") and an increase in the small claims limit for road traffic personal injury claims to £5,000 where no costs can be recovered by claimant law firms from defendants. This could affect profitability of Road Traffic Accident ('RTA') Claims substantially. Clearly this could impact Fletchers Motorbike Accident Claims department although its potential impact is less severe for motorbike claims compared to four wheeled vehicles. We have responded to the consultation representing vulnerable road users such as motorbike and cycle riders. Again continued delay regarding the implementation of the draft proposals creates uncertainty. Fletchers Solicitors have re-engineered their systems and processes and are confident that they can operate a sustainable and profitable RTA business in the future.

Financial risk management - the business continues to need large investment in working capital. Management of cash flow is paramount and Fletchers Solicitors has appropriate controls over the transaction cycle. It has in place funding facilities with banks (having renewed and increased its bank facilities in May 2017) and other providers of finance. In addition to its mature legal businesses which remain cash generative. The medical negligence business is now cash positive and will be increasingly so over the coming months.

Development and performance

The directors are reassured by the company's market position in a period of competitive and regulatory change. Whilst the turnover and operating profitability before amortisation has increased by 12% and decreased by 65% respectively over that for 2016, there will be less requirement for investment in the year to 30 April 2018 and beyond unless the firm considerably increases its market share in its core areas. It will be the 2018 and 2019 financial years where the more substantive increases in turnover and profitability will be evident. The firm's goal is still to enter the Top 100 Law firms in the UK by 30th April 2018 and we remain on course for that. We are currently ranked 120th having risen 9 places from last year.

Key performance indicators

The company's Directors are of the opinion that the management of the business is governed by the following KPI's:

	2017	2016
Cash absorbed in operating activities	£4,159,252	£3,053,999
Profitability before tax percentage	1.8%	9.0%
Productive hours per person	1,440	1,295

The above KPI's reflect the planned investment in the business in the year to 30 April 2017 in the context of improving productivity around productive hours.

On behalf of the board

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R Fletcher

Director

11th January 2018

FLETCHERS SOLICITORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

Principal activities
The principal activity of the company continued to be that of providing legal services.

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

E Fletcher	
R Fletcher	
S Threlfall	
G Carrington	
R Savage	
P Duncanson	
A Hatchman	(Appointed 13 April 2017)
A Denson	(Appointed 12 July 2017)

Results and dividends
The results for the year are set out on page 7.

No interim ordinary dividend was paid. The directors do not recommend payment of a final dividend.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Donations
During the year the company donated £5,000 (2016: £nil) to the Liberal Democrats, a political party in the United Kingdom.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic Report
The information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the separate Strategic Report in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

On behalf of the board

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R Fletcher
Director
11th January 2018

FLETCHERS SOLICITORS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLETCHERS SOLICITORS LIMITED

Opinion on financial statements
We have audited the financial statements on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 April 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.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of directors and auditor
As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Graham Bond FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
14th Floor
20 Chapel Street
Liverpool
L3 9AG

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FLETCHERS SOLICITORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
Turnover	3	18,456,378	16,452,571
Administrative expenses		(17,927,376)	(14,912,660)
Other operating income		103,432	267,287
Operating profit before amortisation		632,434	1,807,198
Amortisation of goodwill		(288,333)	(288,333)
Operating profit	6	344,101	1,518,865
Interest receivable and similar income	8	83,588	50,572
Interest payable and similar expenses	9	(102,197)	(82,110)
Profit on ordinary activities before taxation		325,492	1,487,327
Taxation	10	(146,337)	(188,657)
Profit for the financial year		179,155	1,298,670
Total comprehensive income for the year		179,155	1,298,670

Company Registration No. 05743784

FLETCHERS SOLICITORS LIMITED

BALANCE SHEET
AS AT 30 APRIL 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Goodwill	12		288,334		576,667
Other intangible assets	12		6,007		13,339
Total intangible assets			294,341		590,006
Tangible assets	13		1,178,530		1,017,294
Investments	14		53		3
			1,472,924		1,607,303
Current assets					
Debtors falling due after more than one year	17	7,637,001		6,569,399	
Debtors falling due within one year	17	15,549,346		11,279,891	
Cash at bank and in hand		157,432		1,707,920	
		23,343,779		19,557,210	
Creditors: amounts falling due within one year	18	(12,490,569)		(5,334,567)	
Net current assets			10,853,210		14,222,643
Total assets less current liabilities			12,326,134		15,829,946
Creditors: amounts falling due after more than one year	19		(7,730,375)		(11,311,169)
Provisions for liabilities	23		(128,620)		(230,793)
Net assets			4,467,139		4,287,984
Capital and reserves					
Called up share capital	26		1,000		1,000
Profit and loss reserves			4,466,139		4,286,984
Total equity			4,467,139		4,287,984

The financial statements were approved by the board of directors and authorised for issue on 11th January 2018 and are signed on its behalf by:

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R Fletcher
Director

FLETCHERS SOLICITORS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2015		1,000	3,988,314	3,989,314
Year ended 30 April 2016:				
Profit and total comprehensive income for the year		-	1,298,670	1,298,670
Dividends	**11**	-	(1,000,000)	(1,000,000)
Balance at 30 April 2016		1,000	4,286,984	4,287,984
Year ended 30 April 2017:				
Profit and total comprehensive income for the year		-	179,155	179,155
Balance at 30 April 2017		1,000	4,466,139	4,467,139

FLETCHERS SOLICITORS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Cash flows from operating activities					
Cash absorbed by operations	31		(3,689,456)		(2,908,787)
Interest paid			(102,197)		(82,110)
Income taxes paid			(367,599)		(63,102)
Net cash outflow from operating activities			(4,159,252)		(3,053,999)
Investing activities					
Purchase of intangible assets		-		(14,975)	
Purchase of tangible fixed assets		(390,311)		-	
Proceeds on disposal of tangible fixed assets		1,167		-	
Purchase of joint ventures		(50)		-	
Interest received		83,588		3,841	
Net cash used in investing activities			(305,606)		(11,134)
Financing activities					
Proceeds from other borrowings		2,620,630		3,367,264	
Proceeds of new bank loans		500,000		2,000,000	
Payment of finance leases obligations		(206,260)		(4,205)	
Dividends paid		-		(1,000,000)	
Net cash generated from financing activities			2,914,370		4,363,059
Net (decrease)/increase in cash and cash equivalents			(1,550,488)		1,297,926
Cash and cash equivalents at beginning of year			1,707,920		409,994
Cash and cash equivalents at end of year			157,432		1,707,920

1 Accounting policies

Company information

Fletchers Solicitors Limited is a private company limited by shares incorporated in England and Wales. The registered office is Dukes House, 34 Hoghton Street, Southport, Merseyside, PR9 0PU.

The company's principal activities and nature of its operations are disclosed in the Directors' 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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Consolidated financial statements

In view of the immateriality of the dormant subsidiary undertakings, the company has taken advantage of the exemption in section 402 of the Companies Act 2006 under which consolidated financial statements are not prepared. Consequently these financial statements present the financial position and financial performance of the company as a single entity.

Going concern

At the time of approving the financial statements, the directors have prepared financial forecasts for a period of 12 months from the date of approval and based on these results and the banking facilities the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised once 100% liability has been admitted on the non-cfa cases only. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

Deferred income is recognised in the accounts for the defendant work on case closure.

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 4 years as in the opinion of the directors this is the useful economic life of the remaining goodwill.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill
Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation.

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

Software	straight line over 3 years

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:

Short leasehold	10% straight line
Fixtures, fittings and equipment	15% straight line or term of lease
Computer equipment	33.3% straight line
Motor vehicles	25% reducing balance

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 credited or charged to profit or loss.

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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. These are held at cost less impairment losses. The investments are assessed for impairment losses at the end of each reporting period.

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments 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.

1 Accounting policies (Continued)

Financial instruments
The company 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 when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets
Other financial assets, including trade investments, 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.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other payables 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.

1 Accounting policies (Continued)

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 where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though 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, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1 Accounting policies (Continued)

Provisions
Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors 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.

The directors have made an estimate of the useful economic life of the goodwill, based upon their assessment of the bike claimant market.

The directors have made an assessment on income recognition on unsettled cases and where there have been interim payments consideration is given to recognising income on these cases.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Legal services	18,456,378	16,452,571
Other revenue		
Interest income	83,588	50,572

Turnover analysed by geographical market

	2017	2016
	£	£
United Kingdom	18,456,378	16,452,571

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Directors	6	5
Other fee earners	205	172
Administrative and accounting staff	107	94
	318	271

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	8,956,804	7,545,769
Social security costs	908,430	662,245
Pension costs	58,391	44,778
	9,923,625	8,252,792

5 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	670,636	437,278
Company pension contributions to defined contribution schemes	1,515	983
	672,151	438,261

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2016 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017	2016
	£	£
Remuneration for qualifying services	171,393	153,100
Company pension contributions to defined contribution schemes	373	366

6 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	£	£
Depreciation of owned tangible fixed assets	269,959	233,183
Depreciation of tangible fixed assets held under finance leases	57,200	26,653
Profit on disposal of tangible fixed assets	(1,167)	-
Amortisation of intangible assets	295,665	289,969
Operating lease charges	137,059	124,818

7 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the company	13,900	14,750
For other services		
Audit-related assurance services	6,900	6,600
Taxation compliance services	3,200	3,050
All other non-audit services	2,625	4,000
	12,725	13,650

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	7,588	3,841
Other interest income	1,235	-
Total interest revenue	8,823	3,841
Other income from investments		
Gains on financial instruments measured at amortised cost	74,765	46,731
Total income	83,588	50,572

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	7,588	3,841
Interest on financial assets and liabilities measured at amortised cost	74,765	46,731

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	86,596	76,878
Other finance costs:		
Interest on finance leases and hire purchase contracts	11,601	5,232
Other interest	4,000	-
	102,197	82,110

10 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	100,000	367,000
Adjustments in respect of prior periods	6,525	(149,100)
Total current tax	106,525	217,900
Deferred tax		
Origination and reversal of timing differences	39,812	(29,243)
Total tax charge	146,337	188,657

10 Taxation (Continued)

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	325,492	1,487,327
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	65,098	297,465
Tax effect of expenses that are not deductible in determining taxable profit	14,779	12,398
Adjustments in respect of prior years	6,525	(149,100)
Permanent capital allowances in excess of depreciation	13,901	-
Research and development tax credit	(20,000)	(30,940)
Other non-reversing timing differences	66,034	35,064
Deferred tax not recognised	-	23,770
Taxation charge for the year	146,337	188,657

The Chancellor has stated his intention to further reduce the UK Corporation tax rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. The deferred tax assets and liabilities reflect the rate that is expected to apply upon crystallisation.

11 Dividends

	2017	2016
	£	£
Interim paid	-	1,000,000

12 Intangible fixed assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 May 2016 and 30 April 2017	2,000,000	14,975	2,014,975
Amortisation and impairment			
At 1 May 2016	1,423,333	1,636	1,424,969
Amortisation charged for the year	288,333	7,332	295,665
At 30 April 2017	1,711,666	8,968	1,720,634
Carrying amount			
At 30 April 2017	288,334	6,007	294,341
At 30 April 2016	576,667	13,339	590,006

13 Tangible fixed assets

	Short leasehold	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2016	664,418	315,415	951,449	20,741	1,952,023
Additions	81,876	72,962	330,067	3,490	488,395
Disposals	-	-	(360,327)	-	(360,327)
At 30 April 2017	746,294	388,377	921,189	24,231	2,080,091
Depreciation and impairment					
At 1 May 2016	206,471	107,143	603,759	17,356	934,729
Depreciation charged in the year	69,793	47,043	208,760	1,563	327,159
Eliminated in respect of disposals	-	-	(360,327)	-	(360,327)
At 30 April 2017	276,264	154,186	452,192	18,919	901,561
Carrying amount					
At 30 April 2017	470,030	234,191	468,997	5,312	1,178,530
At 30 April 2016	457,947	208,272	347,690	3,385	1,017,294

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2017	2016
	£	£
Fixtures, fittings and equipment	186,580	145,669
Depreciation charge for the year in respect of leased assets	57,200	26,653

14 Fixed asset investments

	Notes	2017	2016
		£	£
Investments in subsidiaries	15	3	3
Investments in joint ventures	16	50	-
		53	3

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 May 2016	3
Additions	50
At 30 April 2017	53
Carrying amount	
At 30 April 2017	53
At 30 April 2016	3

The addition in the year relates to an investment in a joint venture, details are given in note 16.

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Medical Compensation 4 U Limited	England & Wales	Dormant	Ordinary	100.00	
Mediclaim Limited	England & Wales	Dormant	Ordinary	100.00	
Patient Claimline Limited	England & Wales	Dormant	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Medical Compensation 4 U Limited	-	1
Mediclaim Limited	-	1
Patient Claimline Limited	-	1

16 Joint ventures

Details of the company's joint ventures at 30 April 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Frenkel Topping Associates Ltd	United Kingdom	Financial advisory	Ordinary	50.00	-

17 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	8,014,056	7,019,771
Other debtors	6,758,188	3,673,097
Prepayments and accrued income	777,102	587,023
	15,549,346	11,279,891

17 Debtors (Continued)

	2017	2016
Amounts falling due after more than one year:	**£**	**£**
Trade debtors	899,623	-
Other debtors	6,737,378	6,569,399
	7,637,001	6,569,399
Total debtors	23,186,347	17,849,290

Included in trade and other debtors is amounts relating to unbilled disbursements of £9,458,941 (2016: £3,620,080) due within one year and £7,689,972 (2016: £6,788,616) due after one year, which after discounting is shown in the financial statements in long term debtors as £7,637,001 (2016: £6,569,399). These amounts are repayable between 1-3 years and no interest is charged on these balances, which is why they have been discounted at a market rate of interest.

Bad debt provision against debtors amounts to £334,115, being unrecoverable disbursements on failed cases incurred in the ordinary course of business.

18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	3,500,000	-
Obligations under finance leases	21	99,258	214,776
Other borrowings	20	5,604,553	2,395,787
Trade creditors		220,178	180,693
Corporation tax		6,525	267,599
Other taxation and social security		1,048,423	878,830
Other creditors		869,837	1,120,417
Accruals and deferred income		1,141,795	276,465
		12,490,569	5,334,567

19 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	20	-	3,000,000
Obligations under finance leases	21	113,931	106,589
Other borrowings	20	7,555,912	8,204,580
Other creditors		60,532	-
		7,730,375	11,311,169

20 Borrowings

	2017	2016
	£	£
Bank loans	3,500,000	3,000,000
Other loans	13,160,465	10,600,367
	16,660,465	13,600,367
Payable within one year	9,104,553	2,395,787
Payable after one year	7,555,912	11,204,580

The bank loans are secured by way of a debenture charged over all of the assets of the company.

The bank loan has a limit of £3.5m and interest is paid at 2% over LIBOR on the outstanding balance, repayment is due 14 May 2017.

Included in other loans is amounts relating to unbilled disbursements of £5,604,553 (2016: £2,395,787) due within one year, and £7,769,144 (2016: £8,509,293) due after one year, which after discounting is shown in the financial statements in long term creditors as £7,555,912 (2016: £8,204,580). These amounts are repayable between 1 - 3 years and no interest is paid on these balances, which is why they have been discounted at a market rate of interest of 2.5%.

Net current assets are impacted in 2017 by the bank loan of £3.5m falling due for repayment within one year. A new loan facility has been negotiated post year end of £5.5m repayable in May 2020.

21 Finance lease obligations

	2017	2016
Future minimum lease payments due under finance leases:	£	£
Less than one year	99,258	214,776
Between one and five years	113,931	106,589
	213,189	321,365

Finance lease payments represent rentals payable by the company for certain items of equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Balances included within hire purchase are secured against the asset to which they relate.

22 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	22,409,245	17,262,267
Equity instruments measured at cost less impairment	3	3

22 Financial instruments (Continued)

Carrying amount of financial liabilities		
Measured at amortised cost	18,952,807	15,499,307

23 Provisions for liabilities

	Notes	2017 £	2016 £
Other provisions		-	141,985
Deferred tax liabilities	24	128,620	88,808
		128,620	230,793

Movements on provisions apart from retirement benefits and deferred tax liabilities:

	Other provisions £
At 1 May 2016	141,985
Reversal of provision	(141,985)
At 30 April 2017	-

24 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £
Advanced capital allowances	125,417	127,288
Other short-term timing differences	3,203	(38,480)
	128,620	88,808

Movements in the year:	2017 £
Liability at 1 May 2016	88,808
Charge to profit or loss	39,812
Liability at 30 April 2017	128,620

24 Deferred taxation (Continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances and unpaid bonuses that are expected to mature within the same period.

25 Retirement benefit schemes

	2017	2016
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	58,391	44,778

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

26 Share capital

	2017	2016
	£	**£**
Ordinary share capital		
Issued and fully paid		
670 Ordinary shares of £1 each	670	910
300 Ordinary A shares of £1 each	300	60
30 Ordinary B shares of £1 each	30	30
	1,000	1,000

Each class of share ranks pari passu.

240 ordinary shares were converted to A ordinary shares during the year.

27 Operating lease commitments

Lessee

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

	2017	2016
	£	**£**
Within one year	177,122	125,542
Between one and five years	169,237	188,313
	346,359	313,855

28 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who are considered to be the directors and certain key managers is as follows:

	2017	2016
	£	£
Aggregate compensation	1,597,418	1,023,937

Ultimate Costs Limited is a related company by virtue of common ownership. The balance owed to Ultimate Costs Limited is £245,961 (2016 - £35,550) the amount due from Ultimate Costs Limited is £16,476 (2016: £nil). Costs to Ultimate Costs Limited for the year ended 30 April 2016 totalled £1,483,345 (2016: £926,820). Income in the form of recharges to Ultimate Costs Limited totalled £91,332 (2016: £81,608).

At the year end there was a debtor due from Primeshare Limited totalling £98 (2016: £98) of which Mr E Fletcher holds all the shares and Mr E Fletcher, Mr R Fletcher and Mr S Threlfall are directors.

29 Directors' transactions

During the year dividends of £nil (2016 - £1,000,000) were paid to Mr R Fletcher, Mr E Fletcher and Mr S Threlfall.

Included in other debtors at the year ended 30 April 2017, is a balance of £91,069 (2016 - creditor of £496,384) that was owed from directors of the company. The amount was repaid on the 16 May 2017.

30 Controlling party

The company is controlled by Mr R Fletcher, a director and majority shareholder.

31 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	179,155	1,298,670
Adjustments for:		
Taxation charged	146,337	188,657
Finance costs	102,197	82,110
Interest income	(83,588)	(50,572)
Gain on disposal of tangible fixed assets	(1,167)	-
Amortisation and impairment of intangible assets	295,665	289,969
Depreciation and impairment of tangible fixed assets	327,159	259,836
(Decrease)/increase in provisions	(141,985)	42,491
Movements in working capital:		
(Increase) in debtors	(5,337,057)	(5,653,965)
Increase in creditors	823,828	634,017
Cash absorbed by operations	(3,689,456)	(2,908,787)