Company Registration No. 07301278 (England and Wales)

BB LEGAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

MHA Moore & Smalley

BB LEGAL LIMITED

COMPANY INFORMATION

Directors	Mr M J Foxford Mr J Patton Mr A C Rattray Ms C L MacCracken Mr P E Pickering
Secretary	Mr P E Pickering
Company number	07301278
Registered office	20 Kennedy Street Manchester Greater Manchester M2 4BY
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

BB LEGAL LIMITED

CONTENTS

BB LEGAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present the strategic report for the year ended 30 April 2018.

Fair review of the business

Strategy

To build upon the business' successful heritage, to meet the challenges and maximise the opportunities of the changing legal landscape by providing the highest level of legal services in a friendly, approachable and professional way. The company is also introducing a flexible management structure to position itself for future growth opportunities.

Services range

As a company we continue to provide a varied range of legal products to ensure our customers are able to access a wide range of legal services. We provide services in the following areas: conveyancing, personal injury, commercial property, equity release, matrimonial & family, wills, trusts & probate, Court of Protection, business, litigation and insolvency. We constantly review our services in order to ensure we maintain our competitive edge.

The market

This is a challenging legal services landscape. The Legal Services Act has enabled law firms to adopt new business models while allowing new entrants to enter the market. Likewise, technology has also changed the way in which clients seek services and, in many cases, process legal matters

These changes are naturally transforming the legal market. This has resulted in widespread consolidation and more competition in the market place. The company has seen the changing landscape as an opportunity and the firm has invested resources to embrace this change and to enhance its position in the marketplace.

Focusing on customers

The company's tagline is 'Always There' and this brand value is front and centre of the client service strategy.

While the legal world has evolved, there will never be a substitute for trust and expertise and the business has invested resources in reinforcing its reputation in these areas. The company holds nine Law Society accreditations across its departments, demonstrating commitment to excellence in customer service. The recent introduction of a dedicated Client Services Team ensures that clients are supported in all aspects of their legal journey with the company. The aim is to engage with our customers, to encourage them to give feedback throughout their contact with the company and using this data to constantly review and improve our service offering and delivery.

The company is committed to developing and improving communication with clients by both traditional and digital means, to be responsive to our clients changing needs and technological advances.

Investing in people

Investment in people has increased across the business. By investing in people, the business has developed and enhanced staff skills and client have access to greater expertise. The company is committed to promoting a supportive, respectful and inclusive working environment. The company is also committed to providing specialist and bespoke training across all aspects of the business.

Fair Review of the Business continued

Investing in marketing technology

The legal services customer journey has changed. Face to face relationships still remain at the heart of any service business and investment in relationships continues. But the business continues to embrace the opportunities provided by the digital revolution. The company is investing in research and development to enhance our IT and digital skills. The company has launched an interactive digital "live chat" facility and aims to launch secure client portal during the current financial year

The marketing strategy over the past 12 months has seen the business rank higher for key legal search terms while growing social media communities, which in turn has led to a growth of new instructions.

The company also operates paperless files in 60% of the business and is aiming for 85% coverage by the end of the next financial year. This goes hand in hand with a significant investment in stringent cyber security measures.

In the community

With seven local offices in the North West, maintaining close relationships with local communities is extremely important to the business. This is a key part of the 'Always There' promise. As a result, the business invests time in supporting projects such as St Catherine's Wills Week as well as partnering with charities such as Headway and SIA. The business sponsors local sports teams and supports community events such as the Leyland and Morecambe Festivals. The provision of free advice sessions allows the business to have a presence in and give something meaningful back to local communities.

Awards

In addition to the company's Law Society accreditations, the company has received external recognition by winning 11 ESTAS Conveyancing Awards and the Modern Law Conveyancing Award for Conveyancing Firm of the Year - North of England.

Future outlook

The future remains increasingly competitive for the company and a flexible and innovative approach to business operations will be required. However we remain confident that we will continue to maintain and strive to improve our current level of performance in the future.

Financial Key Performance Indicators
Management continue to monitor and report on top line turnover and "adjusted EBITDA". Adjusted EBITDA is defined as profits before interest payable, taxation, depreciation and amortisation. This measure excludes interest received from the traditional EBITDA definition, on the basis that this part of income does not correlate directly with business performance or funding of the business.

The management are very pleased with the turnover and adjusted EBITDA figures for the current and previous 2 years which continue to be consistently high.

Turnover - fees billed

2018 - £15,995,315 (1.6% fall on previous year)
2017 - £16,253,384 (1.3% growth on previous year)
2016 - £16,038,823 (5.1% growth on previous year)

Adjusted EBITDA

2018 - £1,403,620
2017 - £1,728,705
2016 - £1,907,111

Description of Principal Risks and Uncertainties
The management of the business and the execution of the company strategy are subject to a number of risks. These risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

Competition
The company acknowledges that the principal risk to its business is competition. The company constantly reviews its performance to ensure the level of service offered is second to none. In addition the company continues to actively market and promote its products and services.

Employee Risks
The company acknowledges that employees are key to the success of the business and ensures that appropriate training and support are provided to secure longevity of service.

Economy
The Board is aware of risks associated with the general economic outlook and will continue to review the situation.

Analysis of Development and Performance
A number of projects started during the year that have continued post year end with the aim to streamline operations and improve internal efficiencies.

On behalf of the board

Mr A C Rattray
Director
24 January 2019

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the company continued to be that of the provision of legal services.

Business Environment

The company is one of the leading professional practices in the North West. The company's principal market is the supply of legal services to individuals and businesses. There is substantial competition within this market place from other practices both in the region and nationally.

Directors

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

Mr M J Foxford	
Mrs M K Boyce	(Resigned 19 July 2018)
Mr J Patton	
Mr A C Rattray	
Ms C L MacCracken	
Mr P E Pickering	

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £400,000. The directors do not recommend payment of a further dividend.

Financial instruments

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest risk (where relevant). The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and no such hedge accounting is applied.

Given the size of the company, the directors have now delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

The directors will revisit the appropriateness of this policy should the company's operation change in size or nature.

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 on all matters likely to affect employees' interests.

There is no employee share scheme at present.

Auditor
The auditor, MHA Moore and Smalley, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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.

On behalf of the board

Mr A C Rattray
Director
24 January 2019

BB LEGAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2018

The directors are responsible for preparing the annual 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;
- 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.

BB LEGAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BB LEGAL LIMITED

Opinion

We have audited the financial statements of BB Legal Limited (the 'company') for the year ended 30 April 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company 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

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- 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
- 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 and 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

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

Use of our report
This report is made solely to the 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.

Karen Hain (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

29 January 2019

BB LEGAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Turnover	3	15,560,147	16,079,429
Administrative expenses		(15,159,908)	(15,629,905)
Operating profit	4	400,239	449,524
Interest receivable and similar income	7	158,478	304,038
Interest payable and similar expenses	8	(357,534)	(382,205)
Amounts written off investments	9	-	(1)
Profit before taxation		201,183	371,356
Tax on profit	10	(60,854)	(280,285)
Profit for the financial year		140,329	91,071

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

BB LEGAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	2018	2017
	£	£
Profit for the year	140,329	91,071
Other comprehensive income	-	-
Total comprehensive income for the year	140,329	91,071

BB LEGAL LIMITED

BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Goodwill	13		1,517,409		2,276,115
Tangible assets	14		239,587		312,450
Investments	15		102		102
			1,757,098		2,588,667
Current assets					
Debtors	18	6,558,296		7,129,647	
Cash at bank and in hand		96,274		29,265	
		6,654,570		7,158,912	
Creditors: amounts falling due within one year	19	(6,039,282)		(6,520,422)	
Net current assets			615,288		638,490
Total assets less current liabilities			2,372,386		3,227,157
Creditors: amounts falling due after more than one year	20		(1,357,908)		(1,516,181)
Provisions for liabilities	22		(80,570)		(2,217)
Net assets			933,908		1,708,759
Capital and reserves					
Called up share capital	25		1,440		2,000
Capital redemption reserve			560		-
Profit and loss reserves			931,908		1,706,759
Total equity			933,908		1,708,759

The financial statements were approved by the board of directors and authorised for issue on 24 January 2019 and are signed on its behalf by:

Mr A C Rattray
Director

Company Registration No. 07301278

BB LEGAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 May 2016		2,000	-	2,039,688	2,041,688
Year ended 30 April 2017:					
Profit and total comprehensive income for the year		-	-	91,071	91,071
Dividends	**11**	-	-	(424,000)	(424,000)
Balance at 30 April 2017		2,000	-	1,706,759	1,708,759
Year ended 30 April 2018:					
Profit and total comprehensive income for the year		-	-	140,329	140,329
Issue of share capital	**25**	146	-	-	146
Dividends	**11**	-	-	(400,000)	(400,000)
Redemption of shares	**25**	-	560	-	560
Reduction of shares	**25**	(706)	-	(515,180)	(515,886)
Balance at 30 April 2018		1,440	560	931,908	933,908

BB LEGAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from operations	**30**		1,250,558		1,171,453
Interest paid			(357,534)		(382,205)
Income taxes paid			(462,934)		(360)
Net cash inflow from operating activities			430,090		788,888
Investing activities					
Purchase of tangible fixed assets		(13,334)		(18,964)	
Interest received		158,478		304,038	
Net cash generated from investing activities			145,144		285,074
Financing activities					
Redemption of shares		(515,180)		-	
Proceeds/(Repayment) of borrowings		(35,099)		621,406	
Proceeds of new bank loans		1,470,267		656,000	
Repayment of bank loans		(979,434)		(1,751,871)	
Dividends paid		(400,000)		(424,000)	
Net cash used in financing activities			(459,446)		(898,465)
Net increase in cash and cash equivalents			115,788		175,497
Cash and cash equivalents at beginning of year			(496,891)		(672,388)
Cash and cash equivalents at end of year			(381,103)		(496,891)
Relating to:					
Cash at bank and in hand			96,274		29,265
Bank overdrafts included in creditors payable within one year			(477,377)		(526,156)

1 Accounting policies

Company information

BB Legal Limited is a private company limited by shares incorporated in England and Wales. The registered office is 20 Kennedy Street, Manchester, Greater Manchester, M2 4BY.

1.1 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.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 402 of the Companies Act 2006 not to prepare consolidated accounts as its subsidiary undertakings are dormant and their inclusion is therefore not material for the purpose of giving a true and fair view. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation 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.

1.3 Turnover

Revenue for services represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided, and expenses incurred. Fee income is stated net of Value Added Tax.

Legal services provided to clients during the year which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income can be recognised on a number of bases. Some fee income is recognised on an assessment of the fair value of services provided by the balance sheet date as a proportion of the total value of the engagement. Some fee income, where the services includes an indeterminate number of acts occurring, recognises revenue over the life of the service provided on a straight-line basis.

Unbilled fee income is included as stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on other factors outside the control of the group. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period in which the contingent event occurs.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which the directors re-assessed to be 5 years from 1 May 2015 due to the changes of the service offering of the firm.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

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

Leasehold improvements	20% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Computer equipment	20% 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.

1.6 Fixed asset investments

Interests in subsidiaries 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.

1.7 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).

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.

1 Accounting policies **(Continued)**

1.8 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 in the company's balance sheet 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 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.

Impairment of financial assets

Financial assets 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.

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.

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 creditors, bank overdrafts and bank loans are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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, if they are payable in more than one year.

Derecognition of financial liabilities

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

1 Accounting policies **(Continued)**

1.9 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 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 is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 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.

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

1 Accounting policies (Continued)

1.13 Retirement benefits

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

1.14 Leases

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.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Unbilled revenue

The valuation of unbilled revenue involves significant judgement and affects the amount of revenue recognised. The valuation is based on an estimate of the amount expected to be recoverable from clients on unbilled items based on such factors as time spent and expertise provided. The directors review historical trends to ensure that the method for accounting for the amounts recoverable on contracts is the most accurate for each department.

Goodwill

The useful life of the goodwill involves significant judgement and affects the carrying amount of intangible assets recognised. The assessment is based on factors included in note 1.4.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Turnover	15,560,147	16,079,429

	2018	2017
	£	£
Other significant revenue		
Interest income	158,478	304,038

4 Operating profit

Operating profit for the year is stated after charging:	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's financial statements	16,840	19,300
Depreciation of owned tangible fixed assets	86,197	102,292
Impairment of owned tangible fixed assets	-	114,146
Amortisation of intangible assets	758,706	758,707
Operating lease charges	448,680	390,577

5 Employees

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

	2018 Number	2017 Number
Directors	6	6
Other employees	279	300
	285	306

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	7,495,287	7,548,202
Social security costs	45,847	7,370
Pension costs	122,639	137,217
	7,663,773	7,692,789

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	426,541	133,679
Company pension contributions to defined contribution schemes	3,273	628
	429,814	134,307

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 1).

6 Directors' remuneration **(Continued)**

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

	2018	2017
	£	£
Remuneration for qualifying services	125,000	55,184
Company pension contributions to defined contribution schemes	1,437	6,419

7 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	158,478	304,038

Investment income includes the following:

	2018	2017
Interest on financial assets not measured at fair value through profit or loss	158,478	304,038

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	82,818	129,626
Other finance costs:		
Other interest	274,716	252,579
	357,534	382,205

9 Amounts written off investments

Fixed asset investments	2018	2017
	£	£
Other gains and losses	-	(1)

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	107,037	305,932
Adjustments in respect of prior periods	(42,526)	-
Total current tax	64,511	305,932

10 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(3,657)	(25,647)
Total tax charge	60,854	280,285

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	201,183	371,356
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	38,225	73,966
Tax effect of expenses that are not deductible in determining taxable profit	61,027	71,565
Adjustments in respect of prior years	(42,526)	130,788
Effect of change in corporation tax rate	-	(222)
Depreciation on assets not qualifying for tax allowances	3,959	4,188
Deferred tax adjustments in respect of prior years	169	-
Taxation charge for the year	60,854	280,285

11 Dividends

	2018 £	2017 £
Final paid	400,000	424,000

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2018 £	2017 £
In respect of:			
Property, plant and equipment	**14**	-	114,146
Fixed asset investments	**15**	-	1
Recognised in:			
Administrative expenses		-	114,146
Amounts written off investments		-	1

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2017 and 30 April 2018	5,454,331
Amortisation and impairment	
At 1 May 2017	3,178,216
Amortisation charged for the year	758,706
At 30 April 2018	3,936,922
Carrying amount	
At 30 April 2018	1,517,409
At 30 April 2017	2,276,115

14 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 May 2017	367,464	4,652	866,886	1,239,002
Additions	-	-	13,334	13,334
At 30 April 2018	367,464	4,652	880,220	1,252,336
Depreciation and impairment				
At 1 May 2017	263,269	4,652	658,631	926,552
Depreciation charged in the year	20,839	-	65,358	86,197
At 30 April 2018	284,108	4,652	723,989	1,012,749
Carrying amount				
At 30 April 2018	83,356	-	156,231	239,587
At 30 April 2017	104,195	-	208,255	312,450

15 Fixed asset investments

	Notes	2018	2017
		£	£
Investments in subsidiaries	**16**	102	102

Fixed asset investments not carried at market value

Interests in subsidiary companies are measured at cost less accumulated impairment losses.

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 May 2017 & 30 April 2018	102
Carrying amount	
At 30 April 2018	102
At 30 April 2017	102

16 Subsidiaries

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Accident Angels Ltd	England and Wales	Dormant	Ordinary	100.00	
Birchall Blackburn Limited	England and Wales	Dormant	Ordinary	100.00	

17 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,796,142	2,037,509
Carrying amount of financial liabilities		
Measured at amortised cost	6,711,256	6,942,397

18 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	1,757,720	1,912,216
Gross amounts due from contract customers	4,308,627	4,743,795
Other debtors	38,422	125,293
Prepayments and accrued income	452,087	348,343
	6,556,856	7,129,647

Amounts falling due after more than one year:	2018 £	2017 £
Deferred tax asset (note 23)	1,440	-
Total debtors	6,558,296	7,129,647

19 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	1,293,056	795,227
Other borrowings	21	293,674	286,275
Trade creditors		575,155	524,313
Corporation tax		110,868	509,291
Other taxation and social security		575,066	584,915
Other creditors		2,940,778	3,451,747
Accruals and deferred income		250,685	368,654
		6,039,282	6,520,422

20 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	21	1,026,283	1,082,058
Other borrowings	21	292,633	335,131
Other creditors		38,992	98,992
		1,357,908	1,516,181

21 Loans and overdrafts

	2018 £	2017 £
Bank loans	1,841,962	1,351,129
Bank overdrafts	477,377	526,156
Other loans	586,307	621,406
	2,905,646	2,498,691
Payable within one year	1,586,730	1,081,502
Payable after one year	1,318,916	1,417,189

Of the above loans held by The Co-operative Bank, £227,112 (2017: £298,844) is secured by a personal guarantee dated 6 October 2010, 11 August 2016 and 12 August 2016 from directors of the company.

Of the above loans, £822,554 (2017: £1,052,283) is secured by a debenture held by Barclays Bank PLC dated 14 October 2010 by the way of a fixed and floating charge over the undertaking and all its property and assets. This amount is also secured by a personal guarantee of £700,000 dated 23 December 2013 from directors of the company.

22 Provisions for liabilities

	Notes	2018 £	2017 £
Uninsured losses provision		80,570	-
Deferred tax liabilities	23	-	2,217
		80,570	2,217

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

	Uninsured losses provision £
Additional provisions in the year	80,570

The uninsured losses provision represented the estimated value of amounts to be settled in relation to cases which were ongoing at the year end. For cases where liability has been accepted, these balances have been transferred to be showing within Other Creditors.

23 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 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
ACAs	-	4,497	(600)	-
Retirement benefit obligations	-	(2,280)	2,040	-
	-	2,217	1,440	-

Movements in the year:	2018 £
Liability at 1 May 2017	2,217
Credit to profit or loss	(3,826)
Effect of change in tax rate - profit or loss	169
Liability/(Asset) at 30 April 2018	(1,440)

The deferred tax asset set out above is expected to reverse after more than 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

24 Retirement benefit schemes

	2018	2017
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	122,639	137,217

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.

25 Share capital

	2018	2017
	£	**£**
Ordinary share capital		
Issued and fully paid		
720 A Ordinary shares of £1 each	720	1,000
420 B Ordinary shares of £1 each	420	420
154 C Ordinary shares of £1 each	154	210
110 D Ordinary shares of £1 each	110	100
36 E Ordinary shares of £1 each	36	90
- F Ordinary shares of £1 each	-	90
- G Ordinary shares of £1 each	-	90
	1,440	2,000

During the year a transfer was made of 56 £1 C Ordinary shares and 90 £1 G Ordinary shares into 110 £1 D Ordinary shares and 36 £1 E Ordinary shares.

Subsequent to this the company repurchased 280 £1 A Ordinary shares, 100 £1 D Ordinary shares, 90 £1 E Ordinary shares and 90 £1 F Ordinary shares. These shares were then cancelled.

26 Operating lease commitments

Lessee

On 1 January 2016 the company entered into a sale and leaseback with a 3rd party, the rental payments due are included within the figures below.

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:

	2018	2017
	£	**£**
Within one year	1,074,817	1,176,962
Between two and five years	743,579	1,434,717
In over five years	-	2,232
	1,818,396	2,613,911

27 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	472,388	141,049

Transactions with related parties
During the year the company entered into the following transactions with related parties:

	Redemption of shares	
	2018	2017
	£	£
Directors	515,160	-

Birchall Blackburn Limited and Accident Angels Limited are wholly owned dormant subsidiaries of BB Legal Limited. No transactions took place with either company during the year.

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts owed to related parties	£	£
Directors	2,617,574	3,100,301

28 Directors' transactions

Dividends totalling £400,000 (2017 - £424,000) were paid in the year in respect of shares held by the company's directors.

29 Controlling party

There was no ultimate controlling party throughout the current and previous year.

30 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	140,329	91,071
Adjustments for:		
Taxation charged	60,854	280,285
Finance costs	357,534	382,205
Investment income	(158,478)	(304,038)
Amortisation and impairment of intangible assets	758,706	758,707
Depreciation and impairment of tangible fixed assets	86,197	216,438
Amounts written off investments	-	1
Increase/(decrease) in provisions	80,570	(173,992)
Movements in working capital:		
Decrease in debtors	572,791	147,956
(Decrease) in creditors	(647,945)	(227,180)
Cash generated from operations	1,250,558	1,171,453