Company Registration No. 07301278 (England and Wales)

BB LEGAL LIMITED

ANNUAL REPORT AND ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

PAGES FOR FILING WITH REGISTRAR

Moore & Smalley
Trusted Thinking

BB LEGAL LIMITED

COMPANY INFORMATION

Directors	Mr M J Foxford	
	Mrs M K Boyce	
	Mr J Patton	
	Mr A C Rattray	
	Ms C L MacCracken	
	Mr P E Pickering	(Appointed 1 May 2015)
Secretary	Mr Paul Pickering	
Company number	07301278	
Registered office	20 Kennedy Street Manchester M2 4BY	
Auditor	Moore and Smalley LLP Richard House 9 Winckley Square Preston PR1 3HP	

BB LEGAL LIMITED

CONTENTS

The directors present the strategic report for the year ended 30 April 2016.

Fair review of the business

Strategy

To build upon the business's 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.

Services Range

As a company we continue to provide a varied range of legal products to ensure our customers are able to access the full range of legal services. We provide services in the following areas: conveyancing, personal injury, commercial property, equity release, matrimonial & family, wills & probate, 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. Birchall Blackburn Law has seen the changing landscape as an opportunity and the firm has invested resources to embrace this change to enhance its position in the marketplace.

A major highlight for the business in the last financial year was being identified in the London Stock Exchange's '1000 Companies to Inspire Britain'.

The firm gained placement on the exemplary list of businesses by demonstrating consistent revenue growth. This accolade was a great confidence boost for the brand.

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 is not one of just a handful of UK law firms to hold nine Law Society accreditations across its departments, demonstrating commitment to excellence in customer service. This has been further reinforced through accredited training such as the Older Client Care Practice Award, which is accredited by Solicitors for the Elderly. This recognises those who can effectively interpret complex legal guidance in a sensitive and compassionate way and respect clients' needs and wishes.

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.

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 marketing strategy over the past 12 months has seen the business rank higher for key legal search terms while growing social media communities, delivering a 113% increase in web traffic and 712% increase in social media reach. This has led to a growth of new instructions.

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 support community events such as the Leyland Festival. The provision of free legal clinics allows the business to have a presence in and give something meaningful back to local communities.

Turnover:

Turnover continues to grow and for the year amounted to £16,441,051. This represents a 13.3% increase on 2015 (2015 - £14,512,685 which represents a 12.7% increase on 2014)

Profit:

The profit before tax for the period amounted to £557,929 (2015- £328,434). This represents a 70% increase on 2015.

The operating profit margin was 3.7% (2015 - 2.8%).

The EBITDA generated was £1,575,348 (2015 - £945,955). This represents a 66% increase on 2015.

Training and Development:

We have consistently invested in our staff in order to maintain and continue to improve our position.

Description of Principal Risks and Uncertainties

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 our current level of performance in the future.

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.

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.

Analysis based on Key Performance Indicators

Management continue to monitor and report on top line turnover and profitability by department and overall EBITDA.

On behalf of the board

A. C. Rattray

Mr A C Rattray
Director
25/1/17

The directors present their annual report and financial statements for the year ended 30 April 2016.

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	
Mr J Patton	
Mr A C Rattray	
Ms C L MacCracken	
Mr P E Pickering	(Appointed 1 May 2015)

Results and dividends
The results for the year are set out on page 8.

The company has paid dividends of 400,000.

Financial instruments

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's 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.

Future developments
The company continues to assess the areas of practice undertaken and review the internal practices and procedures to ensure that it remains competitive and profitable in an increasingly competitive market.

Auditor
The auditor, Moore and Smalley LLP, 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

A.C. Rattray
Mr A C Rattray
Director
25/1/17

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2016

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 BB LEGAL LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 8 to 29, together with the financial statements of BB Legal Limited for the year ended 30 April 2016 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

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

Richard House
9 Winckley Square
Preston
PR1 3HP

....25/1/17.....

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2015 £
Turnover	3	16,441,051	14,512,685
Administrative expenses		(15,836,147)	(14,104,040)
Operating profit	4	604,904	408,645
Interest receivable and similar income	7	349,130	359,366
Interest payable and similar charges	8	(396,105)	(439,577)
Profit before taxation		557,929	328,434
Taxation	9	(164,613)	(177,965)
Profit for the financial year		393,316	150,469

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 2016

	2016 £	2015 £
Profit for the year	393,316	150,469
Other comprehensive income	-	-
Total comprehensive income for the year	393,316	150,469

BB LEGAL LIMITED

BALANCE SHEET

AS AT 30 APRIL 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Goodwill	12		3,034,822		3,793,533
Tangible assets	13		509,924		713,827
Investments	14		103		103
			3,544,849		4,507,463
Current assets					
Debtors	17	6,405,626		5,873,299	
Cash at bank and in hand		36,019		13,140	
		6,441,645		5,886,439	
Creditors: amounts falling due within one year	18	(7,650,993)		(7,236,669)	
Net current liabilities			(1,209,348)		(1,350,230)
Total assets less current liabilities			2,335,501		3,157,233
Creditors: amounts falling due after *more than one year*	19		(748,522)		(1,698,456)
Provisions for liabilities	21		(201,856)		(66,970)
Net assets			1,385,123		1,391,807
Capital and reserves					
Called up share capital	24		2,000		2,000
Profit and loss reserves			1,383,123		1,389,807
Total equity			1,385,123		1,391,807

These abbreviated accounts have been prepared in accordance with the special provisions in section 445(3) of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on ..25/1/17... and are signed on its behalf by:

A.C. Rattray
....
Mr A C Rattray
Director

Company Registration No. 07301278

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2014		2,000	1,599,338	1,601,338
Year ended 30 April 2015:				
Profit and total comprehensive income for the year		-	150,469	150,469
Dividends	**10**	-	(360,000)	(360,000)
Balance at 30 April 2015		2,000	1,389,807	1,391,807
Year ended 30 April 2016:				
Profit and total comprehensive income for the year		-	393,316	393,316
Dividends	**10**	-	(400,000)	(400,000)
Balance at 30 April 2016		2,000	1,383,123	1,385,123

BB LEGAL LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	**29**		410,391		711,778
Interest paid			(396,105)		(439,577)
Income taxes paid			(164,092)		(244,156)
Net cash (outflow)/inflow from operating activities			(149,806)		28,045
Investing activities					
Proceeds on disposal of intangibles		(1,155)		-	
Purchase of tangible fixed assets		(45,032)		(45,639)	
Proceeds on disposal of tangible fixed assets		37,202		-	
Interest received		349,130		359,366	
Net cash generated from investing activities			340,145		313,727
Financing activities					
Repayment of borrowings		-		(202,388)	
Proceeds of new bank loans		1,043,000		1,182,003	
Repayment of bank loans		(998,890)		(818,641)	
Dividends paid		(400,000)		(360,000)	
Net cash used in financing activities			(355,890)		(199,026)
Net (decrease)/increase in cash and cash equivalents			(165,551)		142,746
Cash and cash equivalents at beginning of year			(506,837)		(649,583)
Cash and cash equivalents at end of year			(672,388)		(506,837)
Relating to:					
Cash at bank and in hand			36,019		13,140
Bank overdrafts included in creditors payable within one year			(708,407)		(519,977)

1 Accounting policies

Company information

BB Legal Limited is a company limited by shares incorporated in England and Wales. The registered office is 20 Kennedy Street, 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 amounts in these financial statements are rounded to the nearest £.

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

These financial statements for the year ended 30 April 2016 are the first financial statements of BB Legal Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 May 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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

The company has net current liabilities of £1.21m (2015: £1.35m), however, included within current liabilities is £934k (2015: £nil) which represents the long term element of a loan with a break clause within 12 months of the year end.

At present the company is reliant on the continued financial support of the directors and the bank to meet its financial obligations as they fall due.

After making appropriate enquiries the directors have concluded that the company will be able to meet its financial obligations and will continue to generate positive free cash flow for the foreseeable future.

At the time of approving the financial statements, the directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to consider it appropriate to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT.

1 Accounting policies **(Continued)**

When the outcome of a transaction can be reliably estimated, revenue from contracts for the provision of professional services is recognised by reference to the stage of completion at the balance sheet date. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates, as a proportion of total costs. A recovery rate deduction is applied to amounts included in amounts recoverable on contract.

If, at the balance sheet date, completion of contractual obligations is dependent on external factors, then revenue is only recognised if these events have occurred.

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 initially assessed to be 15 years. During the current year the remaining useful life was reassessed and due to the changes to the service offering of the firm it was determined that the remaining estimated life of the acquired goodwill was 5 years from 1 May 2015. The charge in the accounts was updated to reflect this change in estimate.

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:

Land and buildings Leasehold	10 years straight line
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	10 - 15% 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, 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.

1 Accounting policies (Continued)

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). 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.

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

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

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

1.8 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.

Other financial assets

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

1 Accounting policies **(Continued)**

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

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 that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as 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.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement 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.

Derecognition of financial liabilities

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

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 Accounting policies **(Continued)**

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 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.

1.12 Employee benefits

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

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

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

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 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.

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

Valuation of WIP
Work in progress is included in the accounts at the lower of cost and net realisable value. The NRV is based on post year end invoices adjusted to account for the stage of completion at year end. Where no post year end invoices are available the value is determined based on recovery rates by comparing work in progress billed to work in progress recorded for each department. Where WIP realisation is contingent on a post year end event the WIP is valued at £nil.

3 Turnover and other revenue

	2016	2015
	£	£
Total turnover	16,441,051	14,512,685
Other significant revenue		
Interest income	349,130	359,366

4 Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	11,350	12,875
Depreciation of owned tangible fixed assets	82,247	111,905
Impairment of owned tangible fixed assets	129,486	61,783
Amortisation of intangible assets	758,711	363,622
Loss on disposal of intangible assets	1,155	-
Operating lease charges	233,984	92,200

5 Employees

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

	2016 Number	2015 Number
Directors	6	6
Other employees	305	303
	311	309

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	7,870,631	7,514,329
Social security costs	9,746	9,598
Pension costs	184,313	267,553
	8,064,690	7,791,480

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	125,155	78,965
Company pension contributions to defined contribution schemes	619	619
	125,774	79,584

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	349,130	359,366

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	349,130	359,366

8 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	125,319	103,880
Other finance costs:		
Other interest	270,786	335,697
	396,105	439,577

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	203,719	164,092
Adjustments in respect of prior periods	-	16,808
Total current tax	203,719	180,900
Deferred tax		
Origination and reversal of timing differences	(39,106)	(2,935)
Total tax charge	164,613	177,965

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:

	2016	2015
	£	£
Profit before taxation	557,929	328,434
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	111,586	68,701
Tax effect of expenses that are not deductible in determining taxable profit	65,383	76,171
Adjustments in respect of prior years	-	3,361
Under/(over) provided in prior years	(12,356)	16,808
Other timing differences	-	12,924
Taxation for the year	164,613	177,965

10 Dividends

	2016	2015
	£	£
Final paid	400,000	360,000

11 Impairments

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

	2016	2015
	£	£
In respect of:		
Property, plant and equipment	129,486	61,783
Recognised in:		
Administrative expenses	129,486	61,783

12 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 May 2015 and 30 April 2016	5,454,331
Amortisation and impairment	
At 1 May 2015	1,660,798
Amortisation charged for the year	758,711
At 30 April 2016	2,419,509
Carrying amount	
At 30 April 2016	3,034,822
At 30 April 2015	3,793,533

13 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 May 2015	347,728	4,421	865,152	1,217,301
Additions	19,707	231	25,094	45,032
Disposals	-	-	(42,295)	(42,295)
At 30 April 2016	367,435	4,652	847,951	1,220,038
Depreciation and impairment				
At 1 May 2015	132,553	2,097	368,824	503,474
Depreciation charged in the year	24,083	-	58,164	82,247
Impairment losses	80,592	2,171	46,723	129,486
Eliminated in respect of disposals	-	-	(5,093)	(5,093)
At 30 April 2016	237,228	4,268	468,618	710,114
Carrying amount				
At 30 April 2016	130,207	384	379,333	509,924
At 30 April 2015	215,175	2,324	496,328	713,827

More information on the impairment arising in the current and prior year is given in note 11.

14 Fixed asset investments

	Notes	2016	2015
		£	£
Investments in subsidiaries	15	103	103

Fixed asset investments not carried at market value

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

14 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 May 2015 & 30 April 2016	103
Carrying amount	
At 30 April 2016	103
At 30 April 2015	103

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct	Indirect
Valensett Limited	England and Wales	Dormant	Ordinary	100.00	
Merchant House Services Limited	England and Wales	Dormant	Ordinary	100.00	
Accident Angels Limited	England and Wales	Dormant	Ordinary	100.00	

16 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,764,253	1,657,366
Equity instruments measured at cost less impairment	103	103
Carrying amount of financial liabilities		
Measured at amortised cost	7,287,282	7,840,386

17 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	1,550,739	1,396,704
Gross amounts due from contract customers	4,261,185	3,858,957
Other debtors	213,514	260,662
Prepayments and accrued income	380,188	356,976
	6,405,626	5,873,299

18 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	2,406,885	1,224,411
Trade creditors		277,735	269,054
Corporation tax		203,719	164,092
Other taxation and social security		532,609	543,330
Other creditors		3,854,140	4,648,465
Accruals and deferred income		375,905	387,317
		7,650,993	7,236,669

Included within other creditors are Directors loan account balances of £2,884,518 (2015: £3,178,684)

19 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	20	748,522	1,698,456

Amounts included above which fall due after five years are as follows:

	2016 £	2015 £
Payable by instalments	111,317	162,439

20 Loans and overdrafts

	2016 £	2015 £
Bank loans	2,447,000	2,402,890
Bank overdrafts	708,407	519,977
	3,155,407	2,922,867
Payable within one year	2,406,885	1,224,411
Payable after one year	748,522	1,698,456

Of the above loans, £350,581 (2015: £394,233) is secured by a personal guarantee dated 27 October 2010 from MJ Foxford and MK Boyce up to £400,000.

Of the above loans, £1,917,741 (2015: £1,942,027) 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 dated 23 December 2013 from A C Rattray, C L MacCracken, M J Foxford, J Patton and M K Boyce for £700,000.

21 Provisions for liabilities

	Notes	2016 £	2015 £
Uninsured losses provision		173,992	-
Deferred tax liabilities	22	27,864	66,970
		201,856	66,970

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

	Uninsured losses provision £
Additional provisions in the year	173,992

The uninsured losses provision represents the the estimated value of amounts that will be need to be settled in relation to cases which were ongoing at the year end. Payments are likely to fall due over a period of 3-4 years.

22 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 2016 £	Liabilities 2015 £
ACAs	32,264	66,970
Retirement benefit obligations	(4,400)	-
	27,864	66,970

Movements in the year:	2016 £
Liability at 1 May 2015	66,970
Credit to profit or loss	(39,106)
Liability at 30 April 2016	27,864

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances and other short term timings differences that are expected to mature within the same period.

23 Retirement benefit schemes

	2016	2015
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	184,313	267,553

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.

The charge to profit or loss in respect of defined contribution schemes was £184,313 (2015 - £267,553).

24 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
1,000 A Ordinary shares of £1 each	1,000	1,000
420 B Ordinary shares of £1 each	420	420
210 C Ordinary shares of £1 each	210	210
100 D Ordinary shares of £1 each	100	100
90 E Ordinary shares of £1 each	90	90
90 F Ordinary shares of £1 each	90	90
90 G Ordinary shares of £1 each	90	90
	2,000	2,000

25 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:

	2016	2015
	£	£
Within one year	74,968	94,632
Between two and five years	1,535,563	712,972
In over five years	162,500	1,065,000
	1,773,031	1,872,604

26 Related party transactions

Transactions with related parties

Merchant House Services Limited is a wholly owned dormant subsidiary of BB legal Limited. No transactions took place during the year.

Valensett Limited is a wholly owned dormant subsidiary of BB Legal Limited. No transactions took place during the year.

Accident Angels Limited is a wholly owned subsidiary of BB Legal Limited. No transactions took place during the year.

During the year the company repaid a loan from J Rattray, the wife of A C Rattray. The balance as at 30 April 2015 was £37,500.

During the period key management personnel remuneration was £125,775 (2015: £79,584)

No guarantees have been given or received.

27 Directors' transactions

The company paid rental income to SIPP's belonging to the following directors for use of office at Preston and Manchester - M J Foxford £44,435 (2015: £60,658), M K Boyce £44,435 (2015: £60,658) and A C Rattray £44,435 (2015: £60,685).

The company paid rental income to SIPP's belonging to the following directors for use of office space at Preston - C L MacCracken £3,900 (2015: £3,900), J Patton £3,900 (2015: £3,900) and C R Lopez £3,900 (2015: £3,900)

During the year to 30 April 2016 dividends totalling £400,000 were paid to directors

The directors all have loan accounts with the company. At 30 April 2016 the directors loan account balances amounted to MJ Foxford £1,663,162, M K Boyce £5,490, C L MacCracken £350,920, J Patton £396,605, A C Rattray £468,342.

28 Controlling party

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

29 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	393,316	150,469
Adjustments for:		
Taxation charged	164,613	177,965
Finance costs	396,105	439,577
Investment income	(349,130)	(359,366)
Loss on disposal of intangible assets	1,155	-
Amortisation and impairment of intangible assets	758,711	363,622
Depreciation and impairment of tangible fixed assets	211,733	173,688
Increase in provisions	173,992	-
Movements in working capital:		
(Increase)/decrease in debtors	(532,327)	802,162
(Decrease) in creditors	(807,777)	(1,036,339)
Cash generated from operations	410,391	711,778