Group Strategic Report, Report of the Directors and

Audited Consolidated Financial Statements for the Year Ended 31 December 2017

for

Liaison Financial Services Limited

Contents of the Consolidated Financial Statements for the year ended 31 December 2017

Liaison Financial Services Limited

Company Information
for the year ended 31 December 2017

DIRECTORS:	B J Thew A S Armitage
SECRETARY:	A S Armitage
REGISTERED OFFICE:	Estate House Evesham Street Redditch Worcestershire B97 4HP
REGISTERED NUMBER:	06426660 (England and Wales)
AUDITORS:	Derek Young & Co Accountants LLP Statutory Auditors Chartered Accountants Estate House Evesham Street Redditch Worcestershire B97 4HP

Liaison Financial Services Limited

Group Strategic Report
for the year ended 31 December 2017

The directors present their strategic report of the company and the group for the year ended 31 December 2017.

REVIEW OF BUSINESS

The Group operates primarily within the NHS, including Trusts, Health Boards, CCGs and CSUs, and generates cost savings and cash recovery across finance and temporary workforce management.

In 2017 we continued to expand our client base and the scope of workforce and financial services we provide within our main sector. The acquisition of Activ8 Intelligence in 2016 has enabled the group to expand into the commercial market and overseas with its HR analytics software. As a result, the group has continued to invest in employee numbers, in our infrastructure and supporting services to provide the resources necessary for the continuing development of the group.

With the NHS under constant pressure to manage temporary staffing spend, the workforce management product suite, including our TempRE solution has continued to be developed as we maintain our strategy of investment in our own software to expand and support the workforce offering to trusts and boards. The changes in IR35 rules for the public sector required some operational and system changes which were managed without significant impact to the business or clients.

The acquisition of Activ8 Intelligence has allowed the group to build on the existing client base that was acquired and provided opportunities in new markets. The development of a partnership base has been the focus for 2017.

Our VAT services, complimented by the Forensics services we provide, perform steadily as we continue to grow our share of the NHS market with existing services. The expected generation of revenue from the new continuing healthcare market was impacted by external factors which are anticipated to be resolved for 2018. We continue to evaluate new market opportunities for this area of the business that will allow expansion of the breadth of services we offer.

IT infrastructure, software and data are seen as key components of our service offerings to clients and partners as well as assisting in providing efficiencies in our operational delivery. As a consequence we have invested in staff and services to meet the growing needs of the group in this key area.

Client retention and satisfaction levels remain high and we are working closely with clients and partners to ensure future product innovations and enhancements to existing products are well aligned to their requirements.

The financial key performance indicators are revenue from services, operating profit and operating cash flow.

Revenue from services increased by 16%, operating profit decreased by 12% and the operating cash flow remained positive in 2017.

Liaison Financial Services Limited

Group Strategic Report
for the year ended 31 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The company has a risk with respect to government legislation in relation to the services we provide and we monitor HMRC for the latest guidelines and that may have an impact to ensure we can support clients where necessary. We would work with HMRC and participate in any consultation carried out.

Competition in our marketplace, for both clients and staff, is also considered a risk.

We have invested in a people programme which will be rolled out in 2018 aimed at strengthening our employer brand and embedding cultural values further into how we attract, select and retain our workforce.

From a client perspective, growing the scope and depth of our services is key to retaining and attracting clients and will be core to investment decisions in 2018. Price pressure in the market is also increasing as direct engagement becomes commoditised and our product strategy and pricing model will evolve to accommodate the market direction.

Our strategy to join national frameworks that allow Trusts to contract with us directly also enables us to control the impact of some of this risk by providing a more attractive and transparent contracting model.

The structure of the NHS is also changing with the emergence of STPs and a surge towards greater collaboration between trusts and CCGs, and also across regions. These changes will undoubtedly impact decision making structures, sales cycles and ultimately, the scope and number of opportunities in the NHS market.

ON BEHALF OF THE BOARD:

A S Armitage - Director

25 September 2018

Liaison Financial Services Limited

Report of the Directors
for the year ended 31 December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES
The principal activities of the group in the year under review were those of the provision of strategic management, VAT and forensic services and providing an outsourced HR and payroll service.

DIVIDENDS
The total distribution of dividends for the year ended 31 December 2017 will be £2,505,975.

FUTURE DEVELOPMENTS
Overall, the group continues to look to the future and we are working with our NHS clients to identify new services that deliver costs savings. There is an ongoing strategy to innovate and develop our product base while maintaining our established business model with technology and data seen as key components to enable, support and provide efficiencies for the business within our primary market of the NHS and our new partner and commercial base in Activ8.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

B J Thew
A S Armitage

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Derek Young & Co Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A S Armitage - Director

25 September 2018

Report of the Independent Auditors to the Members of Liaison Financial Services Limited

Opinion

We have audited the financial statements of Liaison Financial Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2017 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group'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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Report of the Independent Auditors to the Members of Liaison Financial Services Limited

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.

Mr Stephen Young (Senior Statutory Auditor)
for and on behalf of Derek Young & Co Accountants LLP
Statutory Auditors
Chartered Accountants
Estate House
Evesham Street
Redditch
Worcestershire
B97 4HP

26 September 2018

Liaison Financial Services Limited

Consolidated Income Statement
for the year ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER			
Group and share of joint venture		22,182,892	19,140,568
Less:			
Share of joint venture's turnover		(583,256)	(691,422)
GROUP TURNOVER		21,599,636	18,449,146
Cost of sales		-	33,920
GROSS PROFIT		21,599,636	18,415,226
Administrative expenses		16,962,206	13,119,757
OPERATING PROFIT	4	4,637,430	5,295,469
Interest receivable and similar income		1,790	31,163
		4,639,220	5,326,632
Amounts written off investments	5	610,639	-
		4,028,581	5,326,632
Interest payable and similar expenses	6	712	525
PROFIT BEFORE TAXATION		4,027,869	5,326,107
Tax on profit	7	1,048,326	1,134,427
PROFIT FOR THE FINANCIAL YEAR		2,979,543	4,191,680
Profit attributable to:			
Owners of the parent		2,979,543	4,136,369
Non-controlling interests		-	55,311
		2,979,543	4,191,680

The notes form part of these financial statements

Liaison Financial Services Limited

Consolidated Other Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		2,979,543	4,191,680
OTHER COMPREHENSIVE INCOME			
Joint venture share of profit		570	842
Capital redemption reserve		-	78
Payments to acquire own shares		-	(114,442)
Transfer non-controlling interest		155,598	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		156,168	(113,522)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,135,711	4,078,158
Total comprehensive income attributable to:			
Owners of the parent		3,291,309	4,022,848
Non-controlling interests		(155,598)	55,310
		3,135,711	4,078,158

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	10		5,742,030		5,901,790
Tangible assets	11		409,673		398,048
Investments	12				
Interest in joint venture					
Share of gross assets			356,172		292,784
Share of gross liabilities			(349,783)		(286,965)
			6,389		5,819
Other investments			1,774,705		2,284,475
			7,932,797		8,590,132
CURRENT ASSETS					
Stocks	13	-		2,250	
Debtors	14	5,387,279		4,743,715	
Cash at bank and in hand	15	18,006,666		10,284,718	
		23,393,945		15,030,683	
CREDITORS					
Amounts falling due within one year	16	17,604,488		10,496,199	
NET CURRENT ASSETS			5,789,457		4,534,484
TOTAL ASSETS LESS CURRENT LIABILITIES			13,722,254		13,124,616
NET ASSETS			13,722,254		13,124,616
CAPITAL AND RESERVES					
Called up share capital	18		10,295		10,132
Share premium	19		1,247,103		1,123,766
Capital redemption reserve	19		566		566
Retained earnings	19		12,464,290		11,834,554
SHAREHOLDERS' FUNDS			13,722,254		12,969,018
NON-CONTROLLING INTERESTS			-		155,598
TOTAL EQUITY			13,722,254		13,124,616

The financial statements were approved by the Board of Directors on 25 September 2018 and were signed on its behalf by:

A S Armitage - Director

Liaison Financial Services Limited (Registered number: 06426660)

Company Balance Sheet
31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	10		889,336		-
Tangible assets	11		369,460		343,413
Investments	12		9,878,730		10,467,203
			11,137,526		10,810,616
CURRENT ASSETS					
Debtors	14	4,327,922		3,281,464	
Cash at bank	15	16,134,781		9,215,931	
		20,462,703		12,497,395	
CREDITORS					
Amounts falling due within one year	16	24,427,390		16,729,100	
NET CURRENT LIABILITIES			(3,964,687)		(4,231,705)
TOTAL ASSETS LESS CURRENT LIABILITIES			7,172,839		6,578,911
CAPITAL AND RESERVES					
Called up share capital	18		10,295		10,132
Share premium	19		1,247,103		1,123,766
Capital redemption reserve	19		566		566
Retained earnings	19		5,914,875		5,444,447
SHAREHOLDERS' FUNDS			7,172,839		6,578,911
Company's profit for the financial year			2,976,403		3,853,598

The financial statements were approved by the Board of Directors on 25 September 2018 and were signed on its behalf by:

A S Armitage - Director

The notes form part of these financial statements

Liaison Financial Services Limited

Consolidated Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2016	10,130	9,331,585	1,083,846
Changes in equity			
Issue of share capital	2	-	39,920
Dividends	-	(1,519,800)	-
Total comprehensive income	-	4,022,769	-
Balance at 31 December 2016	10,132	11,834,554	1,123,766
Changes in equity			
Issue of share capital	163	-	123,337
Dividends	-	(2,505,975)	-
Total comprehensive income	-	3,135,711	-
Balance at 31 December 2017	10,295	12,464,290	1,247,103

	Capital redemption reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2016	488	10,426,049	100,288	10,526,337
Changes in equity				
Issue of share capital	-	39,922	-	39,922
Dividends	-	(1,519,800)	-	(1,519,800)
Total comprehensive income	78	4,022,847	55,310	4,078,157
Balance at 31 December 2016	566	12,969,018	155,598	13,124,616
Changes in equity				
Issue of share capital	-	123,500	-	123,500
Dividends	-	(2,505,975)	-	(2,505,975)
Total comprehensive income	-	3,135,711	(155,598)	2,980,113
Balance at 31 December 2017	566	13,722,254	-	13,722,254

The notes form part of these financial statements

Liaison Financial Services Limited

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2016	10,130	3,225,091	1,083,846	488	4,319,555
Changes in equity					
Issue of share capital	2	-	39,920	-	39,922
Dividends	-	*(1,519,800)*	-	-	*(1,519,800)*
Total comprehensive income	-	3,739,156	-	78	3,739,234
Balance at 31 December 2016	10,132	5,444,447	1,123,766	566	6,578,911
Changes in equity					
Issue of share capital	163	-	123,337	-	123,500
Dividends	-	(2,505,975)	-	-	(2,505,975)
Total comprehensive income	-	2,976,403	-	-	2,976,403
Balance at 31 December 2017	10,295	5,914,875	1,247,103	566	7,172,839

Liaison Financial Services Limited

Consolidated Cash Flow Statement
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	12,277,615	8,058,228
Interest paid		(130)	(525)
Finance costs paid		(582)	-
Tax paid		(1,194,049)	(1,318,343)
Net cash from operating activities		11,082,854	6,739,360
Cash flows from investing activities			
Purchase of intangible fixed assets		(663,500)	(756,858)
Purchase of tangible fixed assets		(215,852)	(410,713)
Purchase of fixed asset investments		(100,869)	(807,746)
Interest received		1,790	31,163
Net cash from investing activities		(978,431)	(1,944,154)
Cash flows from financing activities			
Share issue		123,500	40,000
Share buyback		-	(114,442)
Equity dividends paid		(2,505,975)	(1,519,800)
Net cash from financing activities		(2,382,475)	(1,594,242)
Increase in cash and cash equivalents		7,721,948	3,200,964
Cash and cash equivalents at beginning of year	2	10,284,718	7,083,754
Cash and cash equivalents at end of year	2	18,006,666	10,284,718

The notes form part of these financial statements

Liaison Financial Services Limited

Notes to the Consolidated Cash Flow Statement
for the year ended 31 December 2017

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before taxation	4,027,869	5,326,107
Depreciation charges	204,227	133,826
Amortisation charges	823,260	728,263
Joint venture	(30,000)	-
Diminution in value of investment	610,639	-
Finance costs	712	525
Finance income	(1,790)	(31,163)
	5,634,917	6,157,558
Decrease/(increase) in stocks	2,250	(2,250)
Increase in trade and other debtors	(566,359)	(1,776,347)
Increase in trade and other creditors	7,206,807	3,679,267
Cash generated from operations	12,277,615	8,058,228

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	18,006,666	10,284,718

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	10,284,718	7,083,754

3. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Emoluments etc	471,116	440,676
Pension contributions to money purchase schemes	11,235	19,925

The directors do not consider there to be any key management remuneration.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Hire of plant and machinery	18,198	13,169
Depreciation - owned assets	204,227	133,825
Goodwill amortisation	720,393	728,263
Computer software amortisation	102,867	-
Auditors' remuneration	21,250	16,000

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2017	2016
	£	£
Diminution in value of investment	610,639	-

The value of the group's investment in the shares of JustAccounts Ltd has been adjusted to reflect the price at which a significant number of shares were issued in September 2018.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	-	525
Interest on overdue tax	130	-
Fines & penalties	582	-
	712	525

continued...

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	1,104,305	1,188,702
Adjustments to tax charge in respect of previous periods	(8,816)	(5,137)
Research & development tax credit	(106,354)	-
Total current tax	989,135	1,183,565
Deferred tax	59,191	(49,138)
Tax on profit	1,048,326	1,134,427

UK corporation tax has been charged at 19% (2016 - 20%).

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	4,027,869	5,326,107
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	765,295	1,065,221
Effects of:		
Expenses not deductible for tax purposes	147,377	5,546
Capital allowances in excess of depreciation	(7,203)	(22,222)
Adjustments to tax charge in respect of previous periods	(8,816)	-
Effect of a change in the rate of tax	14,106	-
Research & development tax credit	(106,354)	-
Other short term timing differences	184,730	135,020
Deferred tax	59,191	(49,138)
Total tax charge	1,048,326	1,134,427

Tax effects relating to effects of other comprehensive income

		2017	
	Gross	Tax	Net
	£	£	£
Joint venture share of profit	570	-	570
Transfer non-controlling interest	155,598	-	155,598
	156,168	-	156,168

continued...

7. **TAXATION - continued**

	2016		
	Gross	Tax	Net
	£	£	£
Joint venture share of profit	842	-	842
Capital redemption reserve	78	-	78
Payments to acquire own shares	(114,442)	-	(114,442)
	(113,522)	-	(113,522)

8. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. **DIVIDENDS**

	2017	2016
	£	£
Interim	2,505,975	1,519,800

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill	Computer software	Totals
	£	£	£
COST			
At 1 January 2017	7,282,630	3,448	7,286,078
Additions	-	742,203	742,203
Reclassification/transfer	(78,703)	-	(78,703)
At 31 December 2017	7,203,927	745,651	7,949,578
AMORTISATION			
At 1 January 2017	1,380,840	3,448	1,384,288
Amortisation for year	720,393	102,867	823,260
At 31 December 2017	2,101,233	106,315	2,207,548
NET BOOK VALUE			
At 31 December 2017	5,102,694	639,336	5,742,030
At 31 December 2016	5,901,790	-	5,901,790

continued...

10. INTANGIBLE FIXED ASSETS - continued

Company

	Computer software £
COST	
Additions	992,203
At 31 December 2017	992,203
AMORTISATION	
Amortisation for year	102,867
At 31 December 2017	102,867
NET BOOK VALUE	
At 31 December 2017	889,336

11. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2017	347,770	12,488	706,698	1,066,956
Additions	53,324	-	162,528	215,852
At 31 December 2017	401,094	12,488	869,226	1,282,808
DEPRECIATION				
At 1 January 2017	166,779	7,073	495,056	668,908
Charge for year	67,184	1,354	135,689	204,227
At 31 December 2017	233,963	8,427	630,745	873,135
NET BOOK VALUE				
At 31 December 2017	167,131	4,061	238,481	409,673
At 31 December 2016	180,991	5,415	211,642	398,048

continued...

11. **TANGIBLE FIXED ASSETS - continued**

Company

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2017	216,728	231,509	448,237
Additions	53,324	135,718	189,042
At 31 December 2017	270,052	367,227	637,279
DEPRECIATION			
At 1 January 2017	38,929	65,895	104,824
Charge for year	66,149	96,846	162,995
At 31 December 2017	105,078	162,741	267,819
NET BOOK VALUE			
At 31 December 2017	164,974	204,486	369,460
At 31 December 2016	177,799	165,614	343,413

12. **FIXED ASSET INVESTMENTS**

Group

	Interest in joint venture £	Unlisted investments £	Totals £
COST			
At 1 January 2017	5,819	2,284,475	2,290,294
Additions	-	100,869	100,869
Share of profit/(loss)	570	-	570
At 31 December 2017	6,389	2,385,344	2,391,733
PROVISIONS			
Impairments	-	610,639	610,639
At 31 December 2017	-	610,639	610,639
NET BOOK VALUE			
At 31 December 2017	6,389	1,774,705	1,781,094
At 31 December 2016	5,819	2,284,475	2,290,294

continued...

Group

Interest in joint venture

The group's aggregate share of the joint venture at the year end is as follows:

	2017	2016
	£	£
Profit before tax	706	1,052
Taxation	(136)	(210)
Profit after tax	570	842
Share of assets		
Fixed assets	-	-
Current assets	356,172	292,784
Share of liabilities		
Share of liabilities due within one year	(349,783)	(286,965)
Share of liabilities due after one year or more	-	-
Share of net assets	6,389	5,819

Company

	Shares in group undertakings	Interest in joint venture	Unlisted investments	Totals
	£	£	£	£
COST				
At 1 January 2017	8,182,718	10	2,284,475	10,467,203
Additions	-	-	100,869	100,869
Reclassification/transfer	(78,703)	-	-	(78,703)
At 31 December 2017	8,104,015	10	2,385,344	10,489,369
PROVISIONS				
Impairments	-	-	610,639	610,639
At 31 December 2017	-	-	610,639	610,639
NET BOOK VALUE				
At 31 December 2017	8,104,015	10	1,774,705	9,878,730
At 31 December 2016	8,182,718	10	2,284,475	10,467,203

continued...

12. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Liaison VAT Consultancy Ltd
Registered office: Estate House, Evesham Street, Redditch, Worcestershire, B97 4HP
Nature of business: Provider of VAT and related advisory services

Class of shares:	% holding
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	9,481,975	8,653,032
Profit for the year	1,032,248	1,254,166

Liaison Technology Limited
Registered office: Liaison Court, Vincent Road, Worcester, WR5 1BW
Nature of business: Provider of IT support to the group

Class of shares:	% holding
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	105,492	56,815
Profit for the year	7,074	4,755

Activ8 Intelligence Limited
Registered office: Estate House, Evesham Street, Redditch,Worcestershire, B97 4HP
Nature of business: Software development

Class of shares:	% holding
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	(6,505)	(7,223)
Loss for the year	(4,358)	(279,017)

3 Blue Dots Technologies Limited
Registered office: Liaison Court, Vincent Road, Worcester, WR5 1BW
Nature of business: Software development

Class of shares:	% holding
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	253,636	158,442
Profit for the year	135,750	170,977

continued...

12. **FIXED ASSET INVESTMENTS - continued**

Joint venture

Liaison One Call Limited
Registered office: Liaison Court, Vincent Road, Worcester, WR5 1BW
Nature of business: Provides salary sacrifice schemes to the NHS

	%
Class of shares:	holding
Ordinary	50.00

	2017	2016
	£	£
Aggregate capital and reserves	12,777	11,638
Profit for the year	1,411	2,104

13. **STOCKS**

	Group	
	2017	2016
	£	£
Work-in-progress	-	2,250

14. **DEBTORS**

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,467,114	3,595,687	1,369,406	2,237,383
Amounts owed by group undertakings	-	-	544,030	333,030
Amounts owed by joint ventures	50,079	20,079	42,902	12,902
Other debtors	180,981	201,172	163,035	169,293
Tax	106,395	-	-	-
VAT	-	-	260	-
Prepayments and accrued income	2,102,129	231,090	2,042,648	207,299
	4,906,698	4,048,028	4,162,281	2,959,907
Amounts falling due after more than one year:				
Other debtors	165,641	321,557	165,641	321,557
Deferred tax asset	314,940	374,130	-	-
	480,581	695,687	165,641	321,557
Aggregate amounts	5,387,279	4,743,715	4,327,922	3,281,464

15. ***CASH AT BANK AND IN HAND***

Included in the Cash at Bank figure is a bank account specifically for clients' money. The balance of the Client Account as at 31 December 2017 was £14,078,170 and the corresponding liability is shown in Note 16 as Other Creditors.

continued...

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	374,311	361,588	274,389	166,859
Amounts owed to group undertakings	-	-	9,553,070	8,267,467
Tax	522,127	620,645	438,395	522,251
Social security and other taxes	258,471	220,773	-	-
VAT	572,378	828,758	-	330,197
Other creditors	14,102,625	7,398,980	14,078,170	7,380,388
Accrued expenses	1,774,576	1,065,455	83,366	61,938
	17,604,488	10,496,199	24,427,390	16,729,100

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	115,476	-
In more than five years	370,965	417,804
	486,441	417,804

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
			£	£
10,295 (2016 - 10,132)	Ordinary	1	10,295	10,132

163 Ordinary shares of 1 were issued during the year for cash of £123,500.

19. RESERVES

Group

	Retained earnings	Share premium	Capital redemption reserve	Totals
	£	£	£	£
At 1 January 2017	11,834,554	1,123,766	566	12,958,886
Profit for the year	2,979,543			2,979,543
Dividends	(2,505,975)			(2,505,975)
Share issue	-	123,337	-	123,337
Joint venture	570	-	-	570
Transfer from non-controlling interest	155,598	-	-	155,598
At 31 December 2017	12,464,290	1,247,103	566	13,711,959

continued...

19. **RESERVES - continued**

Company

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2017	5,444,447	1,123,766	566	6,568,779
Profit for the year	2,976,403			2,976,403
Dividends	(2,505,975)			(2,505,975)
Share issue	-	123,337	-	123,337
At 31 December 2017	5,914,875	1,247,103	566	7,162,544

20. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the period dividends were distributed to the directors as follows:

Mr B Thew £1,329,615
Mr A Armitage £4,640

21. **RELATED PARTY DISCLOSURES**

During the period LFS recharged costs totalling £831,980 to Liaison VAT Consultancy Ltd (LVC), a wholly owned subsidiary company.

LVC recharged payroll costs and other overheads to LFS during the period totalling £6,988,624. At the year end £9,465,054 was due to LVC.

During the period LFS purchased 40% of Liaison Technology Ltd (LT) which then made it a wholly owned subsidiary. The directors consider the substance of this transaction to be the acquisition of computer software for £538,500 and this has been added to intangible fixed assets.

LT supplied IT support to LFS during the year totalling £1,828,426. The balance at the end of the year was £88,016 due to LT.

Activ8 Intelligence Limited (AIL) which is 100% owned by LFS was provided with loan finance from LFS during the year, and supplied software to LFS for £250,000. At the period end £544,030 was due from AIL.

Group borrowings are repayable on demand and no interest is charged on these balances.

B J Thew also has a controlling interest in Active Non Executive Services Ltd (ANES). ANES provided the group with strategic marketing consultancy services during the period which amounted to £240,695. As at the year end the balance with Active Non Executive Services Ltd was £nil.

Bruce Thew also owns a 17% share of JustAccounts Ltd (JA). He is also a Director of JA.
During the year LFS invested £100,869 in the share capital of JA, being 562 shares. In total LFS held 5,083 shares in JA at the period end which represents 17.8% of JA's share capital. LFS also provided working capital to JA during the period and the balance owed by JA at the end of the period was £122,458.

continued...

22. AUDIT EXEMPTION FOR SUBSIDIARY UNDERTAKINGS

For the year ended 31 December 2017 the group has taken advantage of the exemption offered in section 479A of the Companies Act 2006 and, with the exception of Liaison VAT Consultancy Limited & Activ8 Intelligence Limited, its subsidiary undertakings have not been subject to an individual annual audit.

Liaison Financial Services Limited has given a statutory guarantee to each of these subsidiary undertakings guaranteeing their liabilities, a copy of which will be filed at Companies House.

The companies which have taken this exemption are as follows:

Name	Company Number
3 Blue Dots Technologies Limited	4851459
Liaison Technology Limited	9175316