Company Registration No. 07301278 (England and Wales)

BB LEGAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

MHA 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
Secretary	Mr P E Pickering
Company number	07301278
Registered office	20 Kennedy Street 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 2017

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

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. The company is also planning to introduce a flexible management structure and 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 the full range of legal services. We provide services in the following areas: conveyancing, personal injury, commercial property, equity release, matrimonial & family, wills & 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 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 company is investing in research and development to enhance our IT and digital skills. The company aims to launch interactive digital solutions such as a "live chat" facility and a secure client portal.

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 50% of the business and is aiming for 80% 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 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.

Awards

In addition to the company's six 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.

Training and Development:

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

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.

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 high and consistent.

Turnover - fees billed

2017 - £16,253,384 (1.3% growth on previous year)
2016 - £16,038,823 (5.1% growth on previous year)

Adjusted EBITDA

2017 - £1,728,705
2016 - £1,907,111
2015 - £1,980,408

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.

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

A. C. Rattray
....
Mr A C Rattray
Director
....26/01/18

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

Principal activities
The principal activity of the company continued to be that of 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

Results and dividends
The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £424,000. 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.

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, 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

A. C. Rattray
....
Mr A C Rattray
Director
26/01/18
....

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BB LEGAL LIMITED

We have audited the financial statements of BB Legal Limited for the year ended 30 April 2017 set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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.

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

26/1/18

BB LEGAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 as restated £
Turnover	4	16,079,429	16,422,529
Administrative expenses		(15,629,905)	(15,836,147)
Operating profit	5	449,524	586,382
Interest receivable and similar income	8	304,038	349,130
Interest payable and similar expenses	9	(382,205)	(396,105)
Amounts written off investments	10	(1)	-
Profit before taxation		371,356	539,407
Tax on profit	11	(280,285)	(164,613)
Profit for the financial year		91,071	374,794

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 2017

	2017 £	2016 £
Profit for the year	91,071	374,794
Other comprehensive income	-	-
Total comprehensive income for the year	91,071	374,794

BB LEGAL LIMITED

BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	2017 £	2016 as restated £	2016 as restated £
Fixed assets					
Goodwill	**14**		2,276,115		3,034,822
Tangible assets	**15**		312,450		509,924
Investments	**16**		102		103
			2,588,667		3,544,849
Current assets					
Debtors	**19**	7,129,647		7,277,603	
Cash at bank and in hand		29,265		36,019	
		7,158,912		7,313,622	
Creditors: amounts falling due within one year	**20**	(6,520,422)		(7,866,405)	
Net current assets/(liabilities)			638,490		(552,783)
Total assets less current liabilities			3,227,157		2,992,066
Creditors: amounts falling due after more than one year	**21**		(1,516,181)		(748,522)
Provisions for liabilities	**23**		(2,217)		(201,856)
Net assets			1,708,759		2,041,688
Capital and reserves					
Called up share capital	**26**		2,000		2,000
Profit and loss reserves			1,706,759		2,039,688
Total equity			1,708,759		2,041,688

The financial statements were approved by the board of directors and authorised for issue on 26/01/18
and are signed on its behalf by:

A. C. Rattray

Mr A C Rattray
Director

Company Registration No. 07301278

BB LEGAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
As restated for the period ended 30 April 2016:				
Balance at 1 May 2015		2,000	1,389,807	1,391,807
Effect of change in accounting policy		-	675,087	675,087
As restated		2,000	2,064,894	2,066,894
Year ended 30 April 2016:				
Profit and total comprehensive income for the year		-	374,794	374,794
Dividends	12	-	(400,000)	(400,000)
Balance at 30 April 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	12	-	(424,000)	(424,000)
Balance at 30 April 2017		2,000	1,706,759	1,708,759

BB LEGAL LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2017 £	2016 as restated £	2016 as restated £
Cash flows from operating activities					
Cash generated from operations	31		1,171,453		410,391
Interest paid			(382,205)		(396,105)
Income taxes paid			(360)		(164,092)
Net cash inflow/(outflow) from operating activities			788,888		(149,806)
Investing activities					
Purchase of tangible fixed assets		(18,964)		(45,032)	
Proceeds on disposal of tangible fixed assets		-		36,047	
Interest received		304,038		349,130	
Net cash generated from investing activities			285,074		340,145
Financing activities					
Proceeds of new bank loans		656,000		1,043,000	
Repayment of bank loans		(1,130,465)		(998,890)	
Dividends paid		(424,000)		(400,000)	
Net cash used in financing activities			(898,465)		(355,890)
Net increase/(decrease) in cash and cash equivalents			175,497		(165,551)
Cash and cash equivalents at beginning of year			(672,388)		(506,837)
Cash and cash equivalents at end of year			(496,891)		(672,388)
Relating to:					
Cash at bank and in hand			29,265		36,019
Bank overdrafts included in creditors payable within one year			(526,156)		(708,407)

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, 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.

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:

Land and buildings leasehold	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). 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.

1 Accounting policies **(Continued)**

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 publicly 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 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.

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.

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.

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, 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 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 Change in accounting policy

During the year, the accounting policy for the recognition of conveyancing amounts recoverable on contracts was amended, to enable the process of extraction of data at year end to be automated which removed any risk of employee assessment variations.

3 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.

4 Turnover and other revenue

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

	2017	2016
	£	£
Turnover analysed by class of business		
Turnover	16,079,429	16,422,529

4 Turnover and other revenue (Continued)

	2017	2016
	£	£
Other significant revenue		
Interest income	304,038	349,130

5 Operating profit

	2017	2016
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	19,300	11,350
Depreciation of owned tangible fixed assets	102,292	82,247
Impairment of owned tangible fixed assets	114,146	129,486
(Profit)/loss on disposal of tangible fixed assets	-	1,155
Amortisation of intangible assets	758,707	758,711
Operating lease charges	287,465	233,984

6 Employees

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

	2017	2016
	Number	Number
Directors	6	6
Other employees	300	305
	306	311

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	7,548,202	7,870,631
Social security costs	7,370	9,746
Pension costs	137,217	184,313
	7,692,789	8,064,690

7 Directors' remuneration

	2017	2016
	£	£
Remuneration for qualifying services	133,679	125,155
Company pension contributions to defined contribution schemes	628	619
	134,307	125,774

8 Interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	304,038	349,130

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	304,038	349,130

9 Interest payable and similar expenses

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	129,626	125,319
Other finance costs:		
Other interest	252,579	270,786
	382,205	396,105

10 Amounts written off investments fixed asset investments

	2017	2016
	£	£
Other gains and losses	(1)	-

11 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	305,932	203,719

11 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	(25,647)	(39,106)
Total tax charge	280,285	164,613

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:

	2017 £	2016 £
Profit before taxation	371,356	539,407
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	73,966	107,881
Tax effect of expenses that are not deductible in determining taxable profit	71,565	65,383
Adjustments in respect of prior years	130,788	-
Effect of change in corporation tax rate	(222)	-
Depreciation on assets not qualifying for tax allowances	4,188	-
Under/(over) provided in prior years	-	(8,651)
Taxation charge for the year	280,285	164,613

12 Dividends

	2017 £	2016 £
Final paid	424,000	400,000

13 Impairments

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

	Notes	2017 £	2016 £
In respect of:			
Property, plant and equipment	**15**	114,146	129,486
Fixed asset investments	**16**	1	-
Recognised in:			
Administrative expenses		114,146	129,486
Amounts written off investments		1	-

14 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2016 and 30 April 2017	5,454,331
Amortisation and impairment	
At 1 May 2016	2,419,509
Amortisation charged for the year	758,707
At 30 April 2017	3,178,216
Carrying amount	
At 30 April 2017	2,276,115
At 30 April 2016	3,034,822

15 Tangible fixed assets

	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 May 2016	367,435	4,652	847,951	1,220,038
Additions	29	-	18,935	18,964
At 30 April 2017	367,464	4,652	866,886	1,239,002
Depreciation and impairment				
At 1 May 2016	237,228	4,268	468,618	710,114
Depreciation charged in the year	26,041	384	75,867	102,292
Impairment losses	-	-	114,146	114,146
At 30 April 2017	263,269	4,652	658,631	926,552
Carrying amount				
At 30 April 2017	104,195	-	208,255	312,450
At 30 April 2016	130,207	384	379,333	509,924

16 Fixed asset investments

	Notes	2017	2016
		£	£
Investments in subsidiaries	17	102	103

Fixed asset investments not carried at market value

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

16 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 May 2016 & 30 April 2017	103
Impairment	
At 1 May 2016	-
Impairment losses	1
At 30 April 2017	1
Carrying amount	
At 30 April 2017	102
At 30 April 2016	103

Merchant House Services Limited, a wholly owned dormant subsidiary of BB Legal Limited company was dissolved on 5 September 2017. As such a full impairment loss has been recognised in respect of this.

17 Subsidiaries

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

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

18 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,037,509	1,979,665
Carrying amount of financial liabilities		
Measured at amortised cost	6,942,397	7,878,599

19 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	1,912,216	1,766,151
Gross amounts due from contract customers	4,743,795	4,917,750
Other debtors	125,293	213,514
Prepayments and accrued income	348,343	380,188
	7,129,647	7,277,603

20 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	22	1,081,502	2,406,885
Trade creditors		524,313	493,146
Corporation tax		509,291	203,719
Other taxation and social security		584,915	532,609
Other creditors		3,451,747	3,854,141
Accruals and deferred income		368,654	375,905
		6,520,422	7,866,405

21 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	22	1,417,189	748,522
Other creditors		98,992	-
		1,516,181	748,522

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

Payable by instalments	-	111,317

22 Loans and overdrafts

	2017	2016
	£	£
Bank loans	1,972,535	2,447,000
Bank overdrafts	526,156	708,407
	2,498,691	3,155,407
Payable within one year	1,081,502	2,406,885
Payable after one year	1,417,189	748,522

Of the above loans held by The Co-operative Bank, £298,844 (2016: £350,581) is secured by a personal guarantee dated 27 October 2010 from Mr M J Foxford and Mrs M K Boyce up to £200,000 each, a personal guarantee dated 11 August 2016 from Mr A C Rattray up to £50,000, a personal guarantee dated 12 August 2016 from Mr M J Foxford up to £50,000, and a personal guarantee dated 12 August 2016 from Ms C L MacCracken and Mr J Patton up to £20,000 each.

Of the above loans, £1,052,283 (2016: £1,917,741) 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 Mr A C Rattray, Ms C L MacCracken, Mr M J Foxford, Mr J Patton and Mrs M K Boyce for £700,000.

23 Provisions for liabilities

		2017	2016
	Notes	£	£
Uninsured losses provision		-	173,992
Deferred tax liabilities	24	2,217	27,864
		2,217	201,856

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

	Uninsured losses provision
	£
At 1 May 2016	173,992
Reversal of provision	(173,992)
At 30 April 2017	-

The uninsured losses provision represented the estimated value of amounts to be settled in relation to cases which were ongoing at the year end. Liability has been accepted and as such this balance has been transferred to be showing within Other Creditors.

24 Deferred taxation

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

Balances:	Liabilities 2017 £	Liabilities 2016 £
ACAs	4,497	32,264
Retirement benefit obligations	(2,280)	(4,400)
	2,217	27,864

Movements in the year:	2017 £
Liability at 1 May 2016	27,864
Credit to profit or loss	(25,530)
Effect of change in tax rate - profit or loss	(117)
Liability at 30 April 2017	2,217

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.

25 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	137,217	184,313

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

26 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
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

27 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:

	2017	2016
	£	£
Within one year	1,176,962	1,138,597
Between two and five years	1,434,717	2,415,110
In over five years	2,232	30,816
	2,613,911	3,584,523

28 Related party transactions

Transactions with related parties
Merchant House Services Limited is a wholly owned dormant subsidiary of BB Legal Limited. The company was dissolved on 5 September 2017 and as such an impairment loss has been recognised in respect of this company.

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

During the period key management personnel remuneration was £133,679 (2016: £125,775)

29 Directors' transactions

During the year to 30 April 2017 dividends totalling £424,000 were paid to directors.

The directors all have loan accounts with the company. At 30 April 2017 the directors' loan account balances amounted to Mr M J Foxford £1,504,610, Mrs M K Boyce £378,738 , Ms C L MacCracken £360,840, Mr J Patton £398,994, Mr A C Rattray £398,431, Mr P E Pickering £58,688.

30 Controlling party

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

31 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	91,071	374,794
Adjustments for:		
Taxation charged	280,285	164,613
Finance costs	382,205	396,105
Investment income	(304,038)	(349,130)
(Gain)/loss on disposal of tangible fixed assets	-	1,155
Amortisation and impairment of intangible assets	758,707	758,711
Depreciation and impairment of tangible fixed assets	216,438	211,733
Amounts written off investments	1	-
(Decrease)/increase in provisions	(173,992)	173,992
Movements in working capital:		
Decrease/(increase) in debtors	147,956	(513,806)
(Decrease) in creditors	(227,180)	(807,776)
Cash generated from operations	1,171,453	410,391