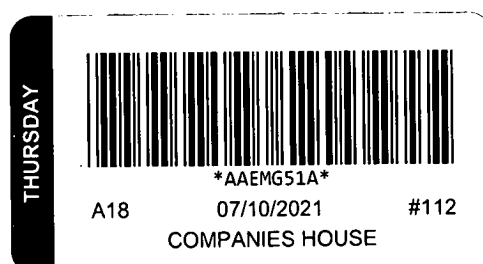


Company Registration No. 05743784 (England and Wales)

FLETCHERS SOLICITORS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021

PM+M Solutions for Business LLP
Chartered Accountants
New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB



FLETCHERS SOLICITORS LIMITED

COMPANY INFORMATION

Directors	E Fletcher R Fletcher R Savage P Duncanson A Hatchman A Denson V Shah J Vandermeer
Company number	05743784
Registered office	Dukes House 34 Hoghton Street Southport PR9 0PU
Auditor	PM+M Solutions for Business LLP New Century House Greenbank Technology Park Challenge Way Blackburn Lancashire BB1 5QB

FLETCHERS SOLICITORS LIMITED

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FLETCHERS SOLICITORS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present the strategic report for the year ended 30 April 2021.

Business review

Like all businesses, this year has presented significant challenges from a Covid viewpoint, which we have tackled and dealt with very successfully. We have seen some delays in case progression due to obtaining medical records and reports as well as postponements with court hearings, which has had a detrimental impact on our cash position; however things are slowly starting to normalise. Revenue increased by £12.7 million to £45 million, which is a 40% increase on last year, as we simplified the way we recognise revenue. We also renewed a significant contract for 10 years with a key supplier and this has driven the increase in administration costs, which were up by £11.9 million. We continue to invest in our people with an increase in both staff numbers and average salary per employee.

The funding of the business remains in a good place as we continued the investment in our book of work with debtors up £19.4 million in the year, due mostly to the simplification in the recognition of revenue. Unbilled disbursements are up by £3.9 million, but our obligations as a result of renewing the significant contract have increased by £15.3 million. Overall net assets have increased by £4.1 million to £12.1 million.

The directors are of the opinion that the management of the business is governed by the following KPIs:

	<u>2021</u>	<u>2020</u>
• Cash generated in operating activities	£(3.0)m	£1.5m
• Profitability before tax percentage	12.3%	12.3%
• Productive hours per person	1,376	1,429

Principal risks and uncertainties

Covid – 19 pandemic

With most of the teams working from home during the year, productivity remained strong; however, there were some teams who were unable to work and we took advantage of the Government Furlough Scheme for these colleagues.

We also took the opportunity to refurbish the offices in Southport making it more suited to a hybrid way of working which is how we see things developing over the coming years.

Covid has adversely affected the amount of traffic on the roads and, as a result, there has been a decrease in motor bike accidents and claims but things are slowly returning to normal. Medical claims have been more stable over the last year and no doubt we will start to see new opportunities develop with the back log of treatments and surgeries that currently exist in the NHS.

Cyber security

We have invested in new laptops and IT infrastructure and also replaced our telephone system which are all part of a longer term plan to improve our IT capability and become a Legal tech enabled firm. We have improved the capability of the team and further developed our cyber security network and have more confidence in the security measures and processes, which will protect the integrity of our network and the privacy of our customers' data.

Funding

The continued investment in our business coupled with the impact of Covid has led to an increase in borrowings during the year. We have taken advantage of the Business Interruption Loans with £4 million borrowed during the year and an additional £1 million subsequent to the year end. In July 2020, we rolled over our RCF, reducing the facility to £4 million, which is now due to be repaid in April 2024.

FLETCHERS SOLICITORS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Legislation

It has been known for several years that the government intends to introduce Fixed Recoverable Costs in low value clinical negligence claims (most likely claims with damages up to £25,000). No date has been set for this and there is still work to be done (with a further consultation being the most likely next stage of the process), so it is very unlikely to be introduced in the next year or so. Fletcher's are acutely aware things will change and are well placed with their successful marketing approach and well-developed systems and procedures to ensure we have significant competitive advantages against other smaller, less well-prepared legal firms as and when these changes materialise.

Subsequent to the year end in May 2021, the government implemented the much awaited increase in the small claims limit to £5,000. Cases with a value that fall below the small claims limit are not subject to recoverable costs from defendants. The government agreed to remove all vulnerable road users from this increase leaving the limit at £1,000. Motorcycles are classed as vulnerable road users and most of Fletcher's personal injury work comes from motorcycle accidents, so this change will not be that significant. Further to the whiplash reforms, the Ministry of Justice recently announced that is seeking to extend the fixed recoverable costs regime and increase the bandings to cases up to £100,000. These changes will more than likely be introduced next year. Once again Fletcher's will be geared up to cope with these changes whenever they are introduced.

Development and performance

This year has been one of consolidation and seeing how the sector would be affected by Covid. We have continued to grow and invest in our people and infrastructure. Successfully renewing a significant contract for the business has given confidence that things will continue on an upward path and with Patient Claim Line also proving its resilience, the Board have confidence in the ongoing success of Fletcher's.

On behalf of the board



**R Fletcher
Director**

16 September 2021

FLETCHERS SOLICITORS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

The directors present their annual report and financial statements for the year ended 30 April 2021.

Principal activities

The principal activity of the company and group continued to be that of providing legal services.

Results and dividends

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

Ordinary dividends were declared amounting to £300,000 (2020: £4,000,000). The directors do not recommend payment of a final dividend.

Directors

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

E Fletcher
R Fletcher
R Savage
P Duncanson
A Hatchman
A Denson
V Shah
J Vandermeer

Employee involvement

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

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

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that PM+M Solutions for Business LLP be reappointed as auditor of the group will be put at a General Meeting.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

FLETCHERS SOLICITORS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

Statement of directors' responsibilities

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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



**R Fletcher
Director**

16 September 2021

FLETCHERS SOLICITORS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FLETCHERS SOLICITORS LIMITED

Opinion

We have audited the financial statements of Fletchers Solicitors Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2021 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

FLETCHERS SOLICITORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FLETCHERS SOLICITORS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

FLETCHERS SOLICITORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FLETCHERS SOLICITORS LIMITED

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- the matters discussed among the audit engagement team including significant component audit teams and involving relevant specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals and complex transactions; and manipulating the Group's performance profit measures and other key performance indicators to meet remuneration targets and externally communicated targets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety regulations, pensions legislation and tax legislation.

FLETCHERS SOLICITORS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FLETCHERS SOLICITORS LIMITED

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the identified risks of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

PM+M Solutions for Business LLP

Helen Clayton BSc FCA (Senior Statutory Auditor)

For and on behalf of PM+M Solutions for Business LLP

5 October 2021

Chartered Accountants

Statutory Auditor

New Century House
Greenbank Technology Park
Challenge Way
Blackburn
Lancashire
BB1 5QB

FLETCHERS SOLICITORS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	2020 £
Turnover	3	44,744,771	32,067,635
Cost of sales		(873,852)	(837,932)
Gross profit		43,870,919	31,229,703
Administrative expenses		(39,035,696)	(27,185,521)
Other operating income		590,018	113,789
Operating profit	4	5,425,241	4,157,971
Interest receivable and similar income	8	328,238	36,793
Interest payable and similar expenses	9	(271,422)	(263,822)
Profit before taxation		5,482,057	3,930,942
Tax on profit	10	(1,019,932)	(797,023)
Profit and total comprehensive income		4,462,125	3,133,919

Profit for the financial year is all attributable to the owners of the parent company.

FLETCHERS SOLICITORS LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	12	220,736		1,030	
Tangible assets	13	1,019,476		793,133	
Investments	14	53		53	
		<u>1,240,265</u>		<u>794,216</u>	
Current assets					
Debtors falling due after more than one year	17	13,723,593	12,095,826		
Debtors falling due within one year	17	36,940,952	19,163,231		
Cash at bank and in hand		<u>1,761,870</u>	<u>2,091,452</u>		
		52,426,415	33,350,509		
Creditors: amounts falling due within one year	18	<u>(13,676,373)</u>	<u>(16,443,038)</u>		
Net current assets		<u>38,750,042</u>		<u>16,907,471</u>	
Total assets less current liabilities		<u>39,990,307</u>		<u>17,701,687</u>	
Creditors: amounts falling due after more than one year	19	<u>(27,688,345)</u>		<u>(9,648,763)</u>	
Provisions for liabilities					
Deferred tax liability	22	<u>170,874</u>	<u>84,022</u>		
		<u>170,874</u>		<u>84,022</u>	
Net assets		<u>12,131,088</u>		<u>7,968,902</u>	
Capital and reserves					
Called up share capital	24	1,061	1,000		
Profit and loss reserves		<u>12,130,027</u>	<u>7,967,902</u>		
Total equity		<u>12,131,088</u>		<u>7,968,902</u>	

The financial statements were approved by the board of directors and authorised for issue on 16 September 2021 and are signed on its behalf by:


R Fletcher
Director

FLETCHERS SOLICITORS LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	12	220,736		1,030	
Tangible assets	13	1,018,363		791,152	
Investments	14	253		253	
		<u>1,239,352</u>		<u>792,435</u>	
Current assets					
Debtors falling due after more than one year	17	13,723,593	12,095,826		
Debtors falling due within one year	17	37,886,380	20,177,182		
Cash at bank and in hand		1,712,973	1,925,488		
		<u>53,322,946</u>	<u>34,198,496</u>		
Creditors: amounts falling due within one year	18	(13,358,281)	(16,062,039)		
Net current assets		<u>39,964,665</u>		<u>18,136,457</u>	
Total assets less current liabilities		<u>41,204,017</u>		<u>18,928,892</u>	
Creditors: amounts falling due after more than one year	19	(29,503,933)	(11,213,302)		
Provisions for liabilities	22	(170,874)	(84,022)		
Net assets		<u>11,529,210</u>		<u>7,631,568</u>	
Capital and reserves					
Called up share capital	24	1,061	1,000		
Profit and loss reserves		<u>11,528,149</u>	<u>7,630,568</u>		
Total equity		<u>11,529,210</u>		<u>7,631,568</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,197,581 (2020 - £2,916,423 profit).

The financial statements were approved by the board of directors and authorised for issue on 16 September 2021 and are signed on its behalf by:


R Fletcher
Director

Company Registration No. 05743784

FLETCHERS SOLICITORS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2019		1,000	8,833,983	8,834,983
Year ended 30 April 2020:				
Profit and total comprehensive income for the year		-	3,133,919	3,133,919
Dividends	11	-	(4,000,000)	(4,000,000)
Balance at 30 April 2020		1,000	7,967,902	7,968,902
Year ended 30 April 2021:				
Profit and total comprehensive income for the year		-	4,462,125	4,462,125
Issue of share capital	24	61	-	61
Dividends	11	-	(300,000)	(300,000)
Balance at 30 April 2021		1,061	12,130,027	12,131,088

FLETCHERS SOLICITORS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2019		1,000	8,714,145	8,715,145
Year ended 30 April 2020:				
Profit and total comprehensive income for the year		-	2,916,423	2,916,423
Dividends	11	-	(4,000,000)	(4,000,000)
Balance at 30 April 2020		1,000	7,630,568	7,631,568
Year ended 30 April 2021:				
Profit and total comprehensive income for the year		-	4,197,581	4,197,581
Issue of share capital	24	61	-	61
Dividends	11	-	(300,000)	(300,000)
Balance at 30 April 2021		1,061	11,528,149	11,529,210

FLETCHERS SOLICITORS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29	(3,047,888)		1,450,198	
Interest paid		(271,422)		(263,822)	
Income taxes paid		(765,596)		(1,224,693)	
Net cash outflow from operating activities		(4,084,906)		(38,317)	
Investing activities					
Purchase of intangible assets		(233,152)		-	
Purchase of tangible fixed assets		(230,120)		(359,465)	
Proceeds on disposal of tangible fixed assets		-		9,636	
Interest received		48,825		36,793	
Other income received from investments		279,413		-	
Net cash used in investing activities		(135,034)		(313,036)	
Financing activities					
Proceeds from issue of shares		61		-	
Movement in non-bank funding		2,183,940		1,277,188	
Proceeds of new bank loans		8,000,000		-	
Repayment of bank loans		(5,708,453)		-	
Payment of finance leases obligations		(285,190)		75,326	
Dividends paid to equity shareholders		(300,000)		(3,236,000)	
Net cash generated from/(used in) financing activities		3,890,358		(1,883,486)	
Net decrease in cash and cash equivalents		(329,582)		(2,234,839)	
Cash and cash equivalents at beginning of year		2,091,452		4,326,291	
Cash and cash equivalents at end of year		1,761,870		2,091,452	

FLETCHERS SOLICITORS LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30	(3,073,638)		1,187,090	
Interest paid		(264,724)		(167,798)	
Income taxes paid		(714,809)		(1,196,922)	
Net cash outflow from operating activities		(4,053,171)		(177,630)	
Investing activities					
Purchase of intangible assets		(233,152)		-	
Purchase of tangible fixed assets		(230,120)	(358,868)		
Proceeds on disposal of tangible fixed assets		-	8,639		
Interest received		134,157	36,793		
Other income received from investments		279,413	-		
Net cash used in investing activities		(49,702)		(313,436)	
Financing activities					
Proceeds from issue of shares	61		-		
Movement in non-bank funding	2,183,940		1,277,188		
Proceeds of new bank loans	8,000,000		-		
Repayment of bank loans	(5,708,453)		-		
Payment of finance leases obligations	(285,190)		75,326		
Dividends paid to equity shareholders	(300,000)		(3,236,000)		
Net cash generated from/(used in) financing activities		3,890,358		(1,883,486)	
Net decrease in cash and cash equivalents		(212,515)		(2,374,552)	
Cash and cash equivalents at beginning of year		1,925,488		4,300,040	
Cash and cash equivalents at end of year		1,712,973		1,925,488	

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

Company information

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

The group consists of Fletchers Solicitors Limited and all of its subsidiaries.

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, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries and joint ventures are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Fletchers Solicitors Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 April 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

No amounts have been included in the group profit and loss account and statement of cash flows for Medical Compensation 4 U Limited, Mediclaim Limited and Patient Claimline Limited as these companies have been dormant/not traded since incorporation.

1.3 Going concern

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

1.4 Turnover

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

Revenue is generally recognised on an ongoing case once 100% liability had been admitted, the case has been legally settled or when fees have been billed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

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

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

1.5 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 is 4 years.

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

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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

Software	33.3% straight line
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1.7 Tangible fixed assets

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

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

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group 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.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 group 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 group after deducting all of its liabilities.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies 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 payments 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.

Other financial liabilities

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 through 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 group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group 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.

1.15 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.

1.16 Retirement benefits

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

1.17 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leased asset are consumed.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

1 Accounting policies

(Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

These financial statements include estimates and assumptions with regard to the valuation of amounts recoverable from clients, provisions and discount rates applied.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Legal Services	44,744,771	32,067,635
	2021 £	2020 £
Other significant revenue		
Interest income	328,238	36,793
Grants received	469,827	-

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants (Coronavirus job retention scheme)	(469,827)	-
Depreciation of owned tangible fixed assets	210,642	251,436
Depreciation of tangible fixed assets held under finance leases	103,432	29,970
Amortisation of intangible assets	13,446	673
Operating lease charges	271,160	238,248

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	19,350	19,250
Audit of the financial statements of the company's subsidiaries	3,500	3,000
	<u>22,850</u>	<u>22,250</u>
For other services		
Other assurance services	6,800	8,325
Taxation compliance services	3,700	3,600
Other taxation services	1,850	1,850
	<u>12,350</u>	<u>13,775</u>

6 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Directors	8	8	8	8
Other fee earners	336	315	308	288
Administrative and accounting staff	136	134	136	134
Total	<u>480</u>	<u>457</u>	<u>452</u>	<u>430</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	15,444,360	14,443,124	14,706,774	13,734,628
Social security costs	1,555,337	1,373,524	1,488,429	1,307,056
Pension costs	800,844	605,631	767,434	577,731
	<u>17,800,541</u>	<u>16,422,279</u>	<u>16,962,637</u>	<u>15,619,415</u>

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	1,072,211	1,445,138
Company pension contributions to defined contribution schemes	57,530	42,158
	<u>1,129,741</u>	<u>1,487,296</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 8).

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

	2021 £	2020 £
Remuneration for qualifying services	288,729	340,478
Company pension contributions to defined contribution schemes	19,510	12,185
	<u>308,239</u>	<u>352,663</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	97	36,793
Other interest income	48,728	-
Total interest revenue	<u>48,825</u>	<u>36,793</u>
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	279,413	-
Total income	<u>328,238</u>	<u>36,793</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	97	36,793
Interest on financial assets measured at fair value through profit or loss	279,413	-
	<u>279,510</u>	<u>36,793</u>

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	264,724	213,687
Interest on invoice finance arrangements	6,698	47,296
	<u>271,422</u>	<u>260,983</u>
Interest on finance leases and hire purchase contracts	-	2,839
	<u>-</u>	<u>-</u>
Total finance costs	<u>271,422</u>	<u>263,822</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	933,371	730,207
Adjustments in respect of prior periods	(291)	34,613
	<u>933,080</u>	<u>764,820</u>
Deferred tax		
Origination and reversal of timing differences	86,852	32,203
	<u>86,852</u>	<u>32,203</u>
Total tax charge	<u>1,019,932</u>	<u>797,023</u>

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:

	2021 £	2020 £
Profit before taxation	<u>5,482,057</u>	<u>3,930,942</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,041,591	746,879
Tax effect of expenses that are not deductible in determining taxable profit	6,809	14,324
Tax effect of income not taxable in determining taxable profit	(19,950)	(19,335)
Adjustments in respect of prior years	(291)	34,613
Effect of change in corporation tax rate	-	6,519
Permanent capital allowances in excess of depreciation	(8,227)	10,434
Deferred tax adjustments in respect of prior years	-	3,589
	<u>-</u>	<u>-</u>
Taxation charge	<u>1,019,932</u>	<u>797,023</u>

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

11 Dividends

	2021 £	2020 £
Interim declared	<u>300,000</u>	<u>4,000,000</u>

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 May 2020	2,000,000	16,995	2,016,995
Additions - internally developed	-	233,152	233,152
	<u>2,000,000</u>	<u>250,147</u>	<u>2,250,147</u>
At 30 April 2021	2,000,000	250,147	2,250,147
Amortisation and impairment			
At 1 May 2020	2,000,000	15,965	2,015,965
Amortisation charged for the year	-	13,446	13,446
	<u>2,000,000</u>	<u>29,411</u>	<u>2,029,411</u>
At 30 April 2021	2,000,000	29,411	2,029,411
Carrying amount			
At 30 April 2021	-	220,736	220,736
	<u>-</u>	<u>220,736</u>	<u>220,736</u>
At 30 April 2020	-	1,030	1,030
	<u>-</u>	<u>1,030</u>	<u>1,030</u>

The above intangible assets are all owned by the company.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

13 Tangible fixed assets

Group	Short leasehold £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 May 2020	876,524	430,551	1,365,650	20,831	2,693,556
Additions	33,341	63,574	443,502	-	540,417
At 30 April 2021	909,865	494,125	1,809,152	20,831	3,233,973
Depreciation and impairment					
At 1 May 2020	463,051	315,085	1,101,456	20,831	1,900,423
Depreciation charged in the year	59,874	51,081	203,119	-	314,074
At 30 April 2021	522,925	366,166	1,304,575	20,831	2,214,497
Carrying amount					
At 30 April 2021	386,940	127,959	504,577	-	1,019,476
At 30 April 2020	413,473	115,466	264,194	-	793,133
Company					
	Short leasehold £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost					
At 1 May 2020	876,524	426,535	1,359,051	20,831	2,682,941
Additions	33,341	63,574	443,502	-	540,417
At 30 April 2021	909,865	490,109	1,802,553	20,831	3,223,358
Depreciation and impairment					
At 1 May 2020	463,051	312,520	1,095,387	20,831	1,891,789
Depreciation charged in the year	59,874	50,412	202,920	-	313,206
At 30 April 2021	522,925	362,932	1,298,307	20,831	2,204,995
Carrying amount					
At 30 April 2021	386,940	127,177	504,246	-	1,018,363
At 30 April 2020	413,473	114,015	263,664	-	791,152

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Computers	258,581	-	258,581	-

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	3	3	203	203
Investments in joint ventures	16	50	50	50	50
		53	53	253	253

Movements in fixed asset investments Group

	Shares in subsidiaries and joint ventures £
Cost or valuation	
At 1 May 2020 and 30 April 2021	350,053
Impairment	
At 1 May 2020 and 30 April 2021	350,000
Carrying amount	
At 30 April 2021	53
At 30 April 2020	53

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

14 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
and joint
ventures
£

Cost or valuation

At 1 May 2020 and 30 April 2021

253

Carrying amount

At 30 April 2021

253

At 30 April 2020

253

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% held direct
Medical Compensation 4 U Limited	England & Wales	Dormant	Ordinary	100.00
Medical Law Pagination Services Limited	England & Wales	Drafting legal documents	Ordinary	100.00
Medicclaim Limited	England & Wales	Dormant	Ordinary	100.00
Patient Claimline Limited	England & Wales	Dormant	Ordinary	100.00
Ultimate Costs Limited	England & Wales	Dormant	Ordinary	100.00

Investments in subsidiaries are measured at cost.

16 Joint ventures

Details of joint ventures at 30 April 2021 are as follows:

Name of undertaking	Registered office	Interest held	% Held Direct
Frenkel Topping Associates Limited	United Kingdom	Ordinary shares	50.00

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

17 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	28,772,765	12,921,217	28,671,333	12,870,557
Amounts owed by group undertakings	100	-	1,047,060	1,068,000
Other debtors	5,726,382	5,005,907	5,726,282	5,003,091
Prepayments and accrued income	2,441,705	1,236,107	2,441,705	1,235,534
	<u>36,940,952</u>	<u>19,163,231</u>	<u>37,886,380</u>	<u>20,177,182</u>
Amounts falling due after more than one year:				
Trade debtors	361,001	885,970	361,001	885,970
Other debtors	13,362,592	11,209,856	13,362,592	11,209,856
	<u>13,723,593</u>	<u>12,095,826</u>	<u>13,723,593</u>	<u>12,095,826</u>
Total debtors	<u>50,664,545</u>	<u>31,259,057</u>	<u>51,609,973</u>	<u>32,273,008</u>

Included in trade and other debtors are amounts relating to unbilled disbursements of £20,437,577 (2020: £16,509,777) due within one year and £5,212,095 (2020: £4,809,911) due after one year, which after discounting is shown in the financial statements in long term debtors as £13,723,593 (2020: £12,095,826). These amounts are repayable between one to three years and no interest is charged on these balances, which is why they have been discounted at a market rate of interest.

Bad debt provision against debtors amounts to £1,281,820 (2019: £987,659).

18 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans	20	666,670	5,500,000	666,670	5,500,000
Obligations under finance leases	21	115,523	306,880	115,523	306,880
Other borrowings	20	4,034,775	3,749,076	4,034,775	3,749,076
Trade creditors		3,610,267	1,045,739	3,610,267	1,045,739
Amounts owed to group undertakings		-	-	280,869	120,128
Corporation tax payable		514,839	347,355	452,935	296,214
Other taxation and social security		2,273,634	1,872,901	1,789,557	1,510,244
Other creditors		132,000	888,210	132,000	888,410
Accruals and deferred income		2,328,665	2,732,877	2,275,685	2,645,348
		<u>13,676,373</u>	<u>16,443,038</u>	<u>13,358,281</u>	<u>16,062,039</u>

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	20	7,124,877	-	7,124,877	-
Obligations under finance leases	21	216,464	-	216,464	-
Other borrowings	20	11,547,004	9,648,763	11,547,004	9,648,763
Trade creditors		8,800,000	-	8,800,000	-
Amounts owed to group undertakings		-	-	1,815,588	1,564,539
		<u>27,688,345</u>	<u>9,648,763</u>	<u>29,503,933</u>	<u>11,213,302</u>

20 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	7,791,547	5,500,000	7,791,547	5,500,000
Other loans	15,581,779	13,397,839	15,581,779	13,397,839
	<u>23,373,326</u>	<u>18,897,839</u>	<u>23,373,326</u>	<u>18,897,839</u>
Payable within one year	4,701,445	9,249,076	4,701,445	9,249,076
Payable after one year	18,671,881	9,648,763	18,671,881	9,648,763

The long-term loans are secured by a third party guarantee and a debenture over Fletchers Solicitors Limited.

A new loan facility was arranged in July 2020 with a loan limit of £4,000,000 and is subject to an interest rate of 2.7% per annum above LIBOR. The loan is repayable in full 36 months after drawdown.

As part of the government's coronavirus business interruption loan scheme, the company received a loan of £4,000,000 in July 2020. For the first 12 months the annual interest rate is 0%. The loan after 12 months will be subject to an interest rate of 2.78% per annum above base rate and is repayable in full 72 months after drawdown.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

21 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	115,523	306,880	115,523	306,880
In two to five years	216,464	-	216,464	-
	<u>331,987</u>	<u>306,880</u>	<u>331,987</u>	<u>306,880</u>

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

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

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	167,927	80,339
Short term timing differences	2,947	3,683
	<u>170,874</u>	<u>84,022</u>
Company	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	167,927	80,339
Short term timing differences	2,947	3,683
	<u>170,874</u>	<u>84,022</u>

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

22 Deferred taxation

(Continued)

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 May 2020	84,022	84,022
Charge to profit or loss	86,852	86,852
Liability at 30 April 2021	<u>170,874</u>	<u>170,874</u>

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

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>800,844</u>	<u>605,631</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	691	691	691	691
Ordinary A shares of £1 each	309	309	309	309
Ordinary C shares of £1 each	61	-	61	-
	<u>1,061</u>	<u>1,000</u>	<u>1,061</u>	<u>1,000</u>

On 30 September 2020, the company issued 61 ordinary C shares at £1 nominal value per share, which carry no right to fixed income. These shares do not carry any voting rights.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

25 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	345,912	251,878	345,912	251,878
Between two and five years	977,975	1,068,842	977,975	1,068,842
	<u>1,323,887</u>	<u>1,320,720</u>	<u>1,323,887</u>	<u>1,320,720</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate remuneration	<u>2,316,942</u>	<u>2,993,810</u>

Arnold Barron Properties Limited is a related party by virtue of a common directors. The balance owed from Arnold Barron Properties Limited at the year ended 30 April 2021 is £5,864 (2020: £8,376). The amount due from Arnold Barron Properties Limited is £64,240 (2020: £67,372). Costs charged to Arnold Barron Properties Limited for the year ended 30 April 2021 totalled £260,458 (2020: £214,798). Income in the form of recharges to Arnold Barron Properties Limited totalled £61,896 (2020: £87,455). In respect of the mortgage held in Arnold Barron Properties Limited there is a guarantee for £1,000,000 (2020: £1,000,000) from Fletchers Solicitors Limited.

Fletchers Digital Limited is a related party by virtue of a common directors. The balance owed to Fletchers Digital Limited at the year ended 30 April 2021 is £Nil (2020: £Nil). The amount due from Fletchers Digital Limited is £Nil (2020: £14,013). Costs charged to Fletchers Digital Limited for the year ended 30 April 2021 totalled £78,096 (2020: £86,496). Income in the form of recharges to Fletchers Digital Limited totalled £18,664 (2020: £15,787). Assets totalling £7,439 (2020: £Nil) were purchased from Fletchers Digital Limited during the year.

At the year end there was a debtor due from Primeshare Limited totalling £98 (2020: £98) of which Mr E Fletcher holds all the shares and Mr E Fletcher and Mr R Fletcher are directors.

Southport Rugby Club is a related party by virtue of a common directors. During the year the company paid Southport Rugby Club £4,900 (2020: £4,321) in the form of sponsorship.

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2021

27 Directors' transactions

Dividends totalling £300,000 (2020 - £4,000,000) were paid in the year in respect of shares held by the company's directors.

Included in other creditors at the year ended 30 April 2021, is a balance of £Nil (2020: £759,459) that was owed to the directors of the company.

28 Controlling party

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

29 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
Profit for the year after tax	4,462,125	3,133,916
Adjustments for:		
Taxation charged	1,019,932	797,023
Finance costs	271,422	263,822
Investment income	(328,238)	(36,793)
Amortisation and impairment of intangible assets	13,446	673
Depreciation and impairment of tangible fixed assets	314,074	281,406
Amounts written off investments	-	(350,000)
Movements in working capital:		
Increase in debtors	(19,405,488)	(3,704,198)
Increase in creditors	10,604,839	714,346
Cash (absorbed by)/generated from operations	(3,047,888)	1,100,195

FLETCHERS SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

30 Cash (absorbed by)/generated from operations - company

	2021 £	2020 £
Profit for the year after tax	4,197,581	2,916,420
Adjustments for:		
Taxation charged	958,382	746,221
Finance costs	264,724	167,798
Investment income	(413,570)	(36,793)
Amortisation and impairment of intangible assets	13,446	673
Depreciation and impairment of tangible fixed assets	313,206	278,776
Amounts written off investments	-	(350,000)
Movements in working capital:		
Increase in debtors	(19,336,965)	(4,109,074)
Increase in creditors	10,929,558	1,223,066
Cash (absorbed by)/generated from operations	(3,073,638)	837,087

31 Analysis of changes in net debt - group

	1 May 2020 £	Cash flows £	New finance leases £	30 April 2021 £
Cash at bank and in hand	2,091,452	(329,582)	-	1,761,870
Borrowings excluding overdrafts	(18,897,839)	(4,475,487)	-	(23,373,326)
Obligations under finance leases	(306,880)	285,190	(310,297)	(331,987)
	<u>(17,113,267)</u>	<u>(4,519,879)</u>	<u>(310,297)</u>	<u>(21,943,443)</u>

32 Analysis of changes in net debt - company

	1 May 2020 £	Cash flows £	New finance leases £	30 April 2021 £
Cash at bank and in hand	1,925,488	(212,515)	-	1,712,973
Borrowings excluding overdrafts	(18,897,839)	(4,475,487)	-	(23,373,326)
Obligations under finance leases	(306,880)	285,190	(310,297)	(331,987)
	<u>(17,279,231)</u>	<u>(4,402,812)</u>	<u>(310,297)</u>	<u>(21,992,340)</u>