

Financial Statements

Jackson Lees Group Ltd (formerly Jackson Canter Limited)

For the year ended 31 May 2017

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COMPANIES HOUSE

Registered number: 07889828

Company Information

Directors

Mr D E Abrahamson
Mr B Cullen
Mr W A M Holroyd
Ms J Kingston-Davies
Ms E Leach
Mr C Topping

Registered number

07889828

Registered office

3rd Floor
Walker House
Exchange Flags
Liverpool
L2 3YL

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

Bankers

Natwest
1 Hardman Boulevard
Manchester
M3 3AQ

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Group strategic report

For the year ended 31 May 2017

Introduction

The principal activity of the Group and Company is the provision of legal services.

Business review

The Group had a year of consolidation following the acquisition of Jackson Lees Law LLP (formerly Lees Solicitors LLP) in May 2016, investing heavily in restructuring programs and in a new unified IT platform and practice management system across Group whilst running off legacy IT contracts. Synergies from the bringing together of the two firms were only partly realised during the year whilst existing duplicated contracts are run off and the Board expect this investment to yield an enhanced performance in coming years. The new combined business gives us the ability to expand rapidly in the North West legal services market once a combined platform for this expansion has been fully established.

Whilst the business traded profitably before movement in amounts recoverable on contracts (work in progress) the loss reported in the accounts has been brought about principally by a clearance of outstanding balances due to the Legal Aid Agency and the cost of the restructuring programs. These adjustments give the business a clean slate on which to build the enlarged law firm. The Directors are confident that the business is in a healthy state and will thrive and produce good profits in years to come.

Management structure

The business is managed by the Board of Directors of Jackson Lees Group Ltd. led by Andrew Holroyd CBE, Chair, Brian Cullen, CEO, and Joanna Kingston-Davies, COO.

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including credit, interest rate and liquidity risk. The Directors' review these risks on a regular basis to ensure that they remain managed and assessed appropriately through risk management policies. The policies remain unchanged from the previous year and are set-out below.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other debtors and unbilled revenue.

The Group's credit risk is primarily attributable to its trade debtors and unbilled revenue. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers, service areas and geographical markets.

Group strategic report (continued)

For the year ended 31 May 2017

Principal risks and uncertainties continued.


Interest rate

The Group finances its operations through a mixture of retained profits, cash and bank borrowings. The Group's exposure to interest rate fluctuation on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of medium-term and short-term debt. Liquidity risk is managed using analysis of detailed cash flow forecasts that are regularly reviewed. Where cash collections are lower than forecast for a given period, payments that are discretionary in timing are deferred accordingly.

This report was approved by the board on 28 February 2018 and signed on its behalf.



Mr B Cullen
Director

Directors' report

For the year ended 31 May 2017

The directors present their report and the financial statements for the year ended 31 May 2017.

Directors

The directors who served during the year were:

Mr D E Abrahamson

Mr B Cullen

Mr L Flor (resigned 3 May 2017)

Mr W A M Holroyd

Ms J Kingston-Davies (resigned 3 May and re-appointed 2 January 2018)

Ms E Leach

Mr C Topping

Ms C Smith (appointed 1 June 2016 and resigned 9 November 2016)

Results and dividends

The loss for the year, after taxation, amounted to £320,473 (2016 - profit £718,442).

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Matters covered in the strategic report

The principle risks and uncertainties have been covered within the Strategic Report.

Directors' report (continued)

For the year ended 31 May 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 13th July 2017 Jackson Canter Limited changed its name to Jackson Lees Group Ltd.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 February 2018 and signed on its behalf.



Mr B. Cullen
Director

Independent auditor's report to the members of Jackson Lees Group Ltd

We have audited the financial statements of Jackson Lees Group Ltd (formerly Jackson Canter Limited) for the year ended 31 May 2017, which comprises the consolidated statement of income and retained earnings, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 on page 3. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 31 May 2017 and of the Group's loss 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.



Independent auditor's report to the members of Jackson Lees Group Ltd (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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.

A handwritten signature in cursive script that reads "Emma Stoddart UK LLP".

Emma Stoddart
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountant
Date: 28 February 2018

Consolidated statement of income and retained earnings

For the year ended 31 May 2017

	Note	2017 £	2016 £
Turnover - continuing activities	4	12,118,884	9,243,484
Administrative expenses		(12,496,519)	(8,397,060)
Operating (loss)/profit	5	(377,635)	846,424
Interest receivable and similar income	9	184,018	15,518
Interest payable and expenses	10	(111,641)	(18,232)
(Loss)/profit before tax		(305,258)	843,710
Tax on (loss)/profit	11	(15,215)	(125,268)
(Loss)/profit after tax		(320,473)	718,442
Retained earnings at the beginning of the year		4,938,029	4,399,587
		4,938,029	4,399,587
(Loss)/profit for the year attributable to the owners of the parent		(320,473)	718,442
Dividends declared and paid		-	(180,000)
Retained earnings at the end of the year		4,617,556	4,938,029

The notes on pages 12 to 31 form part of these financial statements.

Consolidated statement of financial position

As at 31 May 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	487,200	252,738
Tangible assets	14	564,874	669,380
		<u>1,052,074</u>	<u>922,118</u>
Current assets			
Debtors: amounts falling due within one year	16	8,529,986	8,938,255
Cash at bank and in hand	17	140,107	1,194,064
		<u>8,670,093</u>	<u>10,132,319</u>
Creditors: amounts falling due within one year	18	(2,897,943)	(2,369,303)
Net current assets		<u>5,772,150</u>	<u>7,763,016</u>
Total assets less current liabilities		<u>6,824,224</u>	<u>8,685,134</u>
Creditors: amounts falling due after more than one year	19	(1,779,889)	(3,000,000)
Provisions for liabilities			
Deferred taxation	22	(82,240)	(67,025)
Other provisions	23	(343,859)	(679,400)
		<u>(426,099)</u>	<u>(746,425)</u>
Net assets		<u><u>4,618,236</u></u>	<u><u>4,938,709</u></u>
Capital and reserves			
Called up share capital	24	600	600
Capital redemption reserve	25	80	80
Profit and loss account	25	4,617,556	4,938,029
		<u><u>4,618,236</u></u>	<u><u>4,938,709</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/2/18


Mr B Cullen

Director

The notes on pages 12 to 31 form part of these financial statements.

Company statement of financial position

As at 31 May 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	294,952	34,000
Tangible assets	14	533,210	622,367
Investments	15	3,034,539	3,034,539
		<u>3,862,701</u>	<u>3,690,906</u>
Current assets			
Debtors: amounts falling due within one year	16	5,082,795	5,716,236
Cash at bank and in hand	17	25,047	1,112,051
		<u>5,107,842</u>	<u>6,828,287</u>
Creditors: amounts falling due within one year	18	(2,246,884)	(1,939,137)
Net current assets		<u>2,860,958</u>	<u>4,889,150</u>
Total assets less current liabilities		<u>6,723,659</u>	<u>8,580,056</u>
Creditors: amounts falling due after more than one year	19	(1,779,889)	(3,000,000)
Provisions for liabilities			
Deferred taxation	22	(82,240)	(67,025)
Other provisions	23	(225,356)	(562,343)
		<u>(307,596)</u>	<u>(629,368)</u>
Net assets		<u>4,636,174</u>	<u>4,950,688</u>
Capital and reserves			
Called up share capital	24	600	600
Capital redemption reserve	25	80	80
Profit and loss account	25	4,635,494	4,950,008
		<u>4,636,174</u>	<u>4,950,688</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The company's loss for the year was £302,608.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/2/18


Mr B Cullen
Director

The notes on pages 12 to 31 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 May 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(320,473)	718,442
Adjustments for:		
Amortisation of intangible assets	48,022	-
Depreciation of tangible assets	114,620	311,324
Interest paid	111,641	18,232
Interest received	(184,018)	(15,518)
Taxation	15,215	125,268
Decrease in debtors	326,498	2,262,728
Decrease in creditors	(121,331)	(857,636)
(Decrease) / Increase in provisions	(335,541)	292,480
Corporation tax paid	81,873	(689,801)
Net cash generated from operating activities	(263,494)	2,165,519
Cash flows from investing activities		
Purchase of intangible fixed assets	(282,484)	(34,000)
Purchase of tangible fixed assets	(10,216)	(249,837)
Interest received	184,018	15,518
Purchase of subsidiary undertakings	-	(1,937,662)
Cash acquired with subsidiary	-	1,053
Net cash from investing activities	(108,682)	(2,204,928)

Consolidated statement of cash flows (continued)

For the year ended 31 May 2017

	2017 £	2016 £
Cash flows from financing activities		
New bank loans	133,511	3,000,000
Repayment of loans	(920,111)	(1,427,007)
Dividends paid	-	(180,000)
Interest paid	(111,641)	(18,232)
Net cash used in financing activities	(898,241)	1,374,761
Net (decrease)/increase in cash and cash equivalents	(1,270,417)	1,335,352
Cash and cash equivalents at beginning of year	1,194,064	(141,288)
Cash and cash equivalents at the end of year	(76,353)	1,194,064
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	140,107	1,194,064
Bank overdrafts	(216,460)	-
	(76,353)	1,194,064

Notes to the financial statements

For the year ended 31 May 2017

1. General information

Jackson Lees Group Ltd, a Company incorporated in the United Kingdom, registered office being 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, England.

The entity changed its name from Jackson Canter Limited on 13th July 2017.

The principal activity of the Group is the provision of legal services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

Going Concern

After reviewing the Groups' forecasts and projections and the recent renegotiation of the terms of bank loan and timing of the payment of the deferred consideration, the Directors have a reasonable expectation that the Group will trade within its facilities and have adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and entities it has the ultimate control over, drawn up to 31 May each year.

2.3 Turnover

Turnover represents the fair value of amounts receivable for services provided to clients, exclusive of value added tax and professional disbursements. Turnover is recognised as contract activity progresses, and as the right to consideration is earned. Fair value reflects the amount expected to be recovered from clients and is based on time spent, skills and expertise provided and expenses incurred.

Turnover in respect of contingent fee assignments (over and above any minimum fee which is recognised as above) is recognised in the period when the contingent event occurs and the fee is assured.

Turnover in respect of non-contingent fee assignments which has been recognised but not invoiced by the balance sheet date is included in debtors in 'Amounts recoverable on contracts'. Amounts invoiced in advance of the completion of contractual obligations are included in deferred income.

Notes to the financial statements

For the year ended 31 May 2017

2. Accounting policies (continued)

2.4 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of income over its useful economic life.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

If there is an indication that there has been a significant change in the amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

The estimated useful lives range as follows:

Purchased goodwill	-	5	years straight line
Consolidated goodwill	-	10	years straight line
Software	-	4	years straight line

2.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives, using the straight-line method. The rates applicable are:

Improvements to short leasehold - Over the period of the lease property	
Office and computer equipment	- 15% straight line
Computer equipment	- 25% straight line
Fixtures and fittings	- 10% straight line

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 May 2017

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the statement of financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 May 2017

2. Accounting policies (continued)

2.11 Finance costs

Finance costs are charged to the Consolidated statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Leases

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements

For the year ended 31 May 2017

2. Accounting policies (continued)

2.15 Interest income

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Income statement in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the 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 end of the reporting period, 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 using a pre-tax discount rate. The unwinding of the discount recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use with the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2.18 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Notes to the financial statements

For the year ended 31 May 2017

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Trade and disbursement debtors

In determining the recoverability of debtor, the Members make decisions on a case by case basis.

Amounts recoverable on contracts

In assessing the correct amount of revenue to be recognised and the value of long-term contract balances, the Members make the best estimates of forecast costs where the amounts are unknown or disputed in order to assess the percentage completion of each case.

Dilapidations provisions

In determining the provision in respect of dilapidations the Members make a decision based on external information received from a third party expert.

Notes to the financial statements

For the year ended 31 May 2017

4. Turnover

	2017	2016
	£	£
Fees rendered for legal services	12,118,884	9,243,484

All turnover arose within the United Kingdom.

5. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2017	2016
	£	£
Depreciation of tangible fixed assets	114,720	196,984
Amortisation of intangible assets, including goodwill	48,022	8,704
Other operating lease rentals	358,685	235,754
Defined contribution pension cost	122,562	127,103

6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	30,500	33,000
	30,500	33,000

Fees payable to the Group's auditor and its associates in respect of:

Non audit services	30,550	30,950
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Notes to the financial statements

For the year ended 31 May 2017

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	7,333,351	5,588,109	4,667,689	5,588,109
Social security costs	726,008	434,117	476,925	434,117
Cost of defined contribution scheme	138,489	127,103	122,562	127,103
	<u>8,197,848</u>	<u>6,149,329</u>	<u>5,267,176</u>	<u>6,149,329</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2017 No.	Group 2016 No.	Company 2017 No.	Company 2016 No.
Fee earners	243	162	146	162
Administrative	30	20	20	20
	<u>273</u>	<u>182</u>	<u>166</u>	<u>182</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	947,000	653,503
Company contributions to defined contribution pension schemes	27,362	17,606
	<u>974,362</u>	<u>671,109</u>

The highest paid director received remuneration of £150,000 (2016 - £190,288).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,500 (2016 - £3,900).

9. Interest receivable

	2017 £	2016 £
Other interest receivable	184,018	15,518

Notes to the financial statements

For the year ended 31 May 2017

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	103,720	16,087
Other loan interest payable	2,295	2,145
Interest paid to clients	5,626	-
	<u>111,641</u>	<u>18,232</u>

11. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	-	182,583
Deferred tax		
Origination and reversal of timing differences	15,215	(57,315)
Taxation on profit on ordinary activities	<u>15,215</u>	<u>125,268</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>(305,258)</u>	<u>843,710</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(61,052)	168,742
Effects of:		
Fixed asset differences	67,947	(39,672)
Expenses not deductible for tax purposes	8,320	4,894
Other differences leading to an increase (decrease) in the tax charge	-	(8,696)
Total tax charge for the year	<u>15,215</u>	<u>125,268</u>

Notes to the financial statements

For the year ended 31 May 2017

12. Dividends

	2017 £	2016 £
Dividends on each ordinary shares at £nil (2016: £300)	-	180,000

13. Intangible assets

Group

	Software £	Purchased goodwill £	Consolidate d goodwill £	Total £
Cost				
At 1 June 2016	242,208	34,000	178,643	454,851
Additions	282,484	-	-	282,484
Disposals	(2,000)	-	-	(2,000)
At 31 May 2017	522,692	34,000	178,643	735,335
Amortisation				
At 1 June 2016	202,113	-	-	202,113
Charge for the year	23,358	6,800	17,864	48,022
On disposals	(2,000)	-	-	(2,000)
At 31 May 2017	223,471	6,800	17,864	248,135
Net book value				
At 31 May 2017	299,221	27,200	160,779	487,200
At 31 May 2016	40,095	34,000	178,643	252,738

Notes to the financial statements

For the year ended 31 May 2017

13. Intangible assets (continued)

Company

	Software £	Purchased goodwill £	Total £
Cost			
At 1 June 2016	85,693	34,000	119,693
Additions - internal	281,834	-	281,834
At 31 May 2017	367,527	34,000	401,527
Amortisation			
At 1 June 2016	85,693	-	85,693
Charge for the year	14,082	6,800	20,882
At 31 May 2017	99,775	6,800	106,575
Net book value			
At 31 May 2017	267,752	27,200	294,952
At 31 May 2016	-	34,000	34,000

Notes to the financial statements

For the year ended 31 May 2017

14. Tangible fixed assets

Group

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 June 2016	661,799	87,875	589,646	1,339,320
Additions	-	1,015	9,201	10,216
Disposals	-	-	(24,023)	(24,023)
At 31 May 2017	661,799	88,890	574,824	1,325,513
Depreciation				
At 1 June 2016	206,617	68,407	394,916	669,940
Charge for the year on owned assets	48,791	5,640	60,289	114,720
Disposals	-	-	(24,023)	(24,023)
At 31 May 2017	255,408	74,047	431,182	760,637
Net book value				
At 31 May 2017	406,391	14,843	143,642	564,876
At 31 May 2016	455,182	19,468	194,730	669,380

Notes to the financial statements

For the year ended 31 May 2017

14. Tangible fixed assets (continued)

Company

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 June 2016	549,904	40,220	388,333	978,457
Additions	-	1,015	5,857	6,872
At 31 May 2017	549,904	41,235	394,190	985,329
Depreciation				
At 1 June 2016	100,981	25,906	229,203	356,090
Charge for the year on owned assets	46,322	2,551	47,156	96,029
At 31 May 2017	147,303	28,457	276,359	452,119
Net book value				
At 31 May 2017	402,601	12,778	117,831	533,210
At 31 May 2016	448,923	14,314	159,131	622,368

Notes to the financial statements

For the year ended 31 May 2017

15. Fixed asset investments

Subsidiary undertakings

The following are subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Jackson Canter Billing Limited	Ordinary	75 %	Dormant
Jackson Lees Law LLP	Ordinary	100 %	Legal services

Company

Investments
in subsidiary
companies
£

Cost or valuation

At 1 June 2016	3,034,539
At 31 May 2017	<u>3,034,539</u>

Net book value

At 31 May 2017	<u>3,034,539</u>
At 31 May 2016	<u><u>3,034,539</u></u>

Notes to the financial statements

For the year ended 31 May 2017

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,332,487	2,284,332	985,796	901,951
Amounts owed by group undertakings	-	-	1,333,638	2,017,309
Other debtors	36,305	23,695	34,012	7,331
Prepayments and accrued income	531,320	413,519	355,656	271,038
Amounts recoverable on long term contracts	5,625,466	6,130,527	2,369,285	2,432,425
Tax recoverable	4,408	86,182	4,408	86,182
	<u>8,529,986</u>	<u>8,938,255</u>	<u>5,082,795</u>	<u>5,716,236</u>

Group

An impairment loss of £235,720 (2016: £255,312) was recognised against trade debtors.

Company

An impairment loss of £200,984 (2016: £176,297) was recognised against trade debtors.

As at 31 May 2017 there was an overdrawn directors loan account of £35,000 which is included in other debtors.

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	140,107	1,194,064	25,047	1,112,051
Less: bank overdrafts	(216,460)	-	(178,386)	-
	<u>(76,353)</u>	<u>1,194,064</u>	<u>(153,339)</u>	<u>1,112,051</u>

Notes to the financial statements

For the year ended 31 May 2017

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	216,460	-	178,386	-
Bank loans	733,511	600,000	600,000	600,000
Trade creditors	127,141	145,054	104,253	135,657
Amounts owed to group undertakings	-	-	-	75
Taxation and social security	719,533	665,923	396,427	376,747
Other creditors	825,480	712,793	809,774	700,248
Accruals and deferred income	275,818	245,533	158,044	126,410
	<u>2,897,943</u>	<u>2,369,303</u>	<u>2,246,884</u>	<u>1,939,137</u>

Included in other creditors is deferred consideration which is payable on the second anniversary of the acquisition of Jackson Lees Law LLP.

The bank loan and overdraft is secured by a fixed and floating charge over the assets of the Company.

As at 31 May 2017 there were directors loan accounts totaling £17,908 which are included in other creditors.

19. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	1,479,889	2,400,000	1,479,889	2,400,000
Other creditors	300,000	600,000	300,000	600,000
	<u>1,779,889</u>	<u>3,000,000</u>	<u>1,779,889</u>	<u>3,000,000</u>

Included in other creditors is deferred consideration which is payable on the third anniversary of the acquisition of Jackson Lees Law LLP.

The bank loan and overdraft is secured by a fixed and floating charge over the assets of the Company.

Notes to the financial statements

For the year ended 31 May 2017

20. Loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year				
Bank loans	733,511	600,000	600,000	600,000
Amounts falling due 1-2 years				
Bank loans	1,479,889	600,000	1,479,889	600,000
Amounts falling due 2-5 years				
Bank loans	-	1,800,000	-	1,800,000
	<u>2,213,400</u>	<u>3,000,000</u>	<u>2,079,889</u>	<u>3,000,000</u>

21. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at amortised cost	<u>2,593,899</u>	<u>3,502,090</u>	<u>2,853,467</u>	<u>4,038,640</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(3,922,302)</u>	<u>(4,691,178)</u>	<u>(3,594,349)</u>	<u>(4,562,390)</u>

Financial assets measured at amortised cost comprise trade and other debtors and cash.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and loans.

Notes to the financial statements

For the year ended 31 May 2017

22. Deferred taxation

Group

	2017 £
At beginning of year	(67,025)
Charged to profit or loss	(15,215)
At end of year	(82,240)

Company

	2017 £
At beginning of year	(67,025)
Charged to profit or loss	(15,215)
At end of year	(82,240)

	Group 2017 £	Company 2017 £
Accelerated capital allowances	(82,240)	(82,240)
	(82,240)	(82,240)

23. Provisions for liabilities

Group

	Provision for dilapidations £	Holiday provision £	Total £
At 1 June 2016	441,864	237,536	679,400
Charged to profit or loss	-	53,013	53,013
Utilised in year	(258,863)	(129,691)	(388,554)
At 31 May 2017	183,001	160,858	343,859

Notes to the financial statements

For the year ended 31 May 2017

Company

	Provision for dilapidations £	Holiday provision £	Total £
At 1 June 2016	385,000	177,343	562,343
Charged to profit or loss	-	53,013	53,013
Utilised in year	(260,000)	(130,000)	(390,000)
At 31 May 2017	125,000	100,356	225,356

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
600 Ordinary shares shares of £1 each	600	600

25. Reserves

Share premium account

Share premium account - includes any premiums received on issue of share capital.

Profit and loss account

Profit or loss account - includes all current and prior period retained profits and losses.

26. Contingent liabilities

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 May 2017 or 31 May 2016.

27. Capital commitments

The directors have confirmed that there were no capital commitments as at 31 May 2017 or 31 May 2016.

Notes to the financial statements

For the year ended 31 May 2017

28. Pension commitments

The Group operates a defined contribution pension scheme. The amount charged to the consolidated statement of income and retained earnings in respect of pension costs the year.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

29. Commitments under operating leases

At 31 May 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	132,191	173,207	122,376	173,207
Later than 1 year and not later than 5 years	681,251	837,573	587,161	642,753
Later than 5 years	629,237	809,127	629,237	809,127
	<u>1,442,679</u>	<u>1,819,907</u>	<u>1,338,774</u>	<u>1,625,087</u>

30. Related party transactions

There were no transactions with related parties in either period that require disclosure in accordance with FRS 102.33.

The individuals that are considered by the Group to be key management personnel have received remuneration totaling £1,011,160 (2016: £653,503).