

Company Registration No. 07889828 (England and Wales)

JACKSON LEES GROUP LTD  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MAY 2020



# JACKSON LEES GROUP LTD

## COMPANY INFORMATION

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Directors	Mr B Cullen Ms H Farrell Mr W Holroyd Ms J Kingston-Davies Ms E Leach Mr A Mansfield Ms Z Holland
Company number	07889828
Registered office	3rd Floor Walker House Exchange Flags Liverpool Merseyside L2 3YL
Auditor	Ian Taylor (Senior Statutory Auditor) RSM UK Audit LLP Chartered Accountants Level 14, 20 Chapel Street Liverpool L3 9AG

# JACKSON LEES GROUP LTD

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# JACKSON LEES GROUP LTD

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2020

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### Business review

The Jackson Lees Group prides itself on its core value of 'Making a Positive Difference' (#MAPD) to its staff, customers, suppliers and to the communities within which it works. Over the past few years, the business has invested considerable time and energy in embedding this sense of purpose into its every day practices which, in turn, has had a marked positive impact on its positioning as an employer of choice for many new people coming into the legal services market. All relevant measures within the business demonstrate that its natural approach to diversity and inclusion, and to realising the potential of every individual within the business, is highly effective. Its strong culture and engagement strategy will continue to be at the heart of its growth and value creation.

**The business experienced two major changes last year:**

1. A change of ownership – the Jackson Lees Group was bought in March 2020 by MAPD Ventures Ltd (T/A The MAPD Group). The MAPD Group refinanced the Jackson Lees Group and all of the external debt of the Jackson Lees Group was repaid as part of the change of ownership.
2. The COVID pandemic – as was the case with many businesses, there was a relatively short-term adverse impact created by the first lockdown in March to May 2020

The financial year was on track to be one of the business' best years ever with all KPIs ahead of target and a very strong Q4 expected. Due to lockdown, however, this did not materialise, as some parts of the business effectively 'shut down' for the last few months of the financial year, resulting in a considerable reduction in income, albeit partially mitigated by the Government's Furlough Scheme as demonstrated by the significant drop in profit shown in the Statement of Comprehensive Income. The KPIs finished the year behind the targets set due to the COVID pandemic.

The Board implemented an Emergency Management Team (EMT) just prior to the announcement of lockdown and this team have had a significant positive impact on the business and its people throughout this challenging time, from managing working from home effectively and implementing Government guidelines, to taking active steps on wellbeing and mental health issues and putting staff welfare at the fore. The Board also instituted daily communication with all people within the business from day one of the first lockdown, ensuring that everyone was kept up to speed with what was going on and checking in with everyone on a regular basis. Quarterly Open Forums to the whole business and the Training Academy programme also continued, albeit via Zoom, whilst new initiatives such as virtual coffee mornings, quizzes and social groups were also introduced.

### Current status and look forward

The management team has been restructured, with the support of The MAPD Group, with Esther Leach (MD) bringing Haley Farrell into the role of Assistant Managing Director and MAPD Group effectively seconding Mairi Probin and Paul Madden into the team as Chief People and Culture Officer and Chief Marketing and Client Experience Officer respectively.

The business is well capitalised and supported by The MAPD Group moving forward and the prospects for FY20/21 are good, with expected stability and growth predicted in most areas of the business. The business will also be looking at potential bolt on opportunities by way of acquisition as this is a key part of the strategic framework of the parent.

In summary, whilst both the costs linked to the change of ownership and the consequences of the COVID pandemic adversely impacted overall business performance in FY 19/20, the initiatives implemented to mitigate them proved highly successful and the business expects to build upon its solid foundations throughout FY 20/21.

### Principal risks and uncertainties

The Company'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.

# JACKSON LEES GROUP LTD

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2020

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### **Credit risk**

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

The Company'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 Company has no significant concentration of credit risk, with exposure spread over a large number of customers, service areas and geographical markets.


### **Interest rate**

The Company finances its operations through a mixture of retained profits, cash and bank borrowings. The Company'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 Company 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.

This report was approved by the board on 25/05/2021 and signed on its behalf.



**Ms E Leach**  
**Director**

# JACKSON LEES GROUP LTD

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2020

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The directors present their annual report and financial statements for the year ended 31 May 2020.

### Principal activities

The principal activity of the company continued to be that of the provision of legal services.

### Directors

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

Mr D Abrahamson	(resigned 10 <sup>th</sup> March 2020)
Mr B Cullen	
Ms H Farrell	(appointed 16 <sup>th</sup> March 2020)
Mr W Holroyd	(resigned 10 <sup>th</sup> March 2020 and appointed 15 <sup>th</sup> April 2020)
Ms J Kingston-Davies	
Ms E Leach	
Mr A Mansfield	(appointed 16 <sup>th</sup> March 2020)
Mr C Topping	(resigned 10 <sup>th</sup> March 2020)
Ms Z Holland	(appointed 18 <sup>th</sup> September 2020)

### Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### Matters of strategic importance

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Employee consultation

The Company places considerable value on the engagement and development of its people. A robust communications plan is in place to ensure that the people within the business receive regular updates in a timely manner through a variety of different channels. The senior management team run regular open forums to keep employees updated on business performance, strategy and growth. Regular emails are sent to all staff by the CEO or MD and the company uses Workplace, a social media platform, to publish key announcements and to promote communication between offices and teams. Various Committees are in place and are led by non-management staff, with reporting mechanisms back to the Board.

### Auditor

The auditor, RSM UK Audit LLP will be proposed for re-appointed in accordance with section 485 of the Companies Act 2006.

# JACKSON LEES GROUP LTD

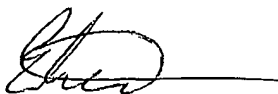
## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2020

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 25/05 / 2021 and signed on its behalf.



**Ms E Leach**  
**Director**

# JACKSON LEES GROUP LTD

## DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MAY 2020

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The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# JACKSON LEES GROUP LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACKSON LEES GROUP LTD

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### Opinion

We have audited the financial statements of Jackson Lees Group Ltd (the 'company') for the year ended 31 May 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 May 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The 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. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

# JACKSON LEES GROUP LTD

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACKSON LEES GROUP LTD (CONTINUED)

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Signed:

*RSM UK Audit LLP*

Ian Taylor (Senior Statutory Auditor)  
For an on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Level 14, 20 Chapel Street  
Liverpool L3 9AG  
26 May 2021

# JACKSON LEES GROUP LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	3	12,988,478	12,251,215
<b>Cost of sales</b>		<u>(7,297,763)</u>	<u>(6,715,642)</u>
<b>Gross profit</b>		5,650,715	5,535,573
<b>Other operating income</b>	4	312,449	100,000
<b>Administrative expenses</b>		<u>(5,954,968)</u>	<u>(4,984,283)</u>
<b>Operating profit/(loss)</b>	5	48,196	651,290
<b>Interest receivable and similar income</b>	9	91,225	59,993
<b>Interest payable and similar expenses</b>	10	(110,330)	(152,455)
<b>Other gains and losses</b>	11	<u>-</u>	<u>-</u>
<b>Profit/(Loss) before taxation</b>		29,091	558,828
<b>Tax on profit/loss</b>	12	<u>(20,979)</u>	<u>(190,762)</u>
<b>Profit/(Loss) for the financial year</b>		<u>8,112</u>	<u>368,066</u>

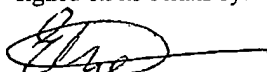
The notes on pages 14 to 27 form part of these financial statements.

## JACKSON LEES GROUP LTD

## STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Goodwill	13		113,985		138,650
Other intangible assets	13		124,651		254,095
<b>Total intangible assets</b>			<u>238,636</u>		<u>392,745</u>
Tangible assets	14		359,595		406,692
Investments	15		250,000		178
			<u>848,231</u>		<u>799,615</u>
<b>Current assets</b>					
Debtors	17	10,557,723		9,519,778	
Cash at bank and in hand		943,223		19,266	
		<u>11,500,946</u>		<u>9,539,044</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(6,790,983)</u>		<u>(3,471,638)</u>	
<b>Net current assets</b>			<u>4,709,963</u>		<u>6,067,406</u>
<b>Total assets less current liabilities</b>			5,558,194		6,867,021
<b>Creditors: amounts falling due after more than one year</b>	19		(329,481)		(1,718,880)
<b>Provisions for liabilities</b>					
Deferred taxation	22	-		(23,769)	
Other provisions	23	<u>(394,000)</u>		<u>(297,771)</u>	
			<u>(394,000)</u>		<u>(321,540)</u>
<b>Net assets</b>			<u>4,834,713</u>		<u>4,826,601</u>
<b>Capital and reserves</b>					
Called up share capital	24		600		600
Capital redemption reserve	25		80		80
Profit and loss reserves	25		4,834,033		4,825,921
<b>Total equity</b>			<u>4,834,713</u>		<u>4,826,601</u>

The financial statements were approved by the board of directors and authorised for issue on 25/05/2021 and are signed on its behalf by:



Ms Esther Leach  
Director

The notes on pages 14 to 27 form part of these financial statements.

# JACKSON LEES GROUP LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2020

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 31 May 2018	600	80	4,457,855	4,458,535
Year ended 31 May 2019:				
Profit and total comprehensive income for the year	-	-	368,066	368,066
Balance at 31 May 2019	600	80	4,825,921	4,826,601
Year ended 31 May 2020:				
Profit and total comprehensive income for the year	-	-	8,112	8,112
Balance at 31 May 2020	600	80	4,834,033	4,834,713

There were no recognised gains or losses for 2020 or 2019 other than those included in the statement of comprehensive income or statement of changes in equity.

# JACKSON LEES GROUP LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	2019 £
<b>Cash flow from operating activities</b>			
Cash generated from operations	26	176,401	672,607
Tax (paid) / received		(135,673)	56,976
<b>Net cash (outflow) / inflow from operating activities</b>		40,728	729,583
<b>Investing activities</b>			
Purchase of intangible assets		(14,330)	(52,366)
Purchase of tangible fixed assets		(58,627)	(51,250)
Proceeds of sales of tangible fixed assets		711	-
Interest received		91,225	59,993
<b>Net cash generated used in investing activities</b>		18,979	(43,623)
<b>Financing activities</b>			
Repayment of bank loans		(1,539,875)	(581,527)
New secured loans		58,962	254,240
Repayment of deferred consideration		(822,000)	(28,000)
Advance from parent undertaking		3,915,700	-
Interest paid		(110,330)	(152,455)
<b>Net cash used in financing activities</b>		1,502,457	(507,742)
<b>Net increase / (decrease) in cash and cash equivalents</b>		1,562,164	178,218
Cash and cash equivalent at beginning of year		(618,941)	(797,159)
<b>Cash and cash equivalent at end of year</b>		943,223	(618,941)
<b>Relating to:</b>			
Cash at bank and in hand		943,223	19,266
Bank overdrafts included in creditors payable within one year		-	(638,207)
		943,223	(618,941)

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 1 ACCOUNTING POLICIES

#### Company information

Jackson Lees Group Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, Merseyside, L2 3YL.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### 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 Company has taken advantage of the exemption in section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Going concern

Management have produced forecasts which have been sensitised to reflect potential downside scenarios as a result of the ongoing Covid-19 pandemic and its impact on the company. These demonstrate that the company is forecast to generate sufficient cash to enable the company to meet its obligations as they fall due for at least a period of 12 months from the signing of these financial statements. The parent company MAPD Ventures Limited has also confirmed that the loan to Jackson Lees Group Ltd will not be withdrawn for a period of at least 12 months from the approval of these financial statements.

As such, the directors are satisfied that the company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Turnover

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of 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 between 5 - 8 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 1 ACCOUNTING POLICIES (Continued)

#### **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.

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	5 years straight line
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#### **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:

Leasehold land and buildings	Over the period of the lease
Fixtures and fittings	10% straight line
Computers and other equipment	15-25% straight-line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

#### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 1 ACCOUNTING POLICIES (Continued)

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

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

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments 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.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts recoverable on contracts 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

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

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

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of 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 company.

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 1 ACCOUNTING POLICIES (Continued)

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

#### **Government grants**

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to either to revenue or to assets. Grants relating to revenue are recognized in income over the period in which the related costs are recognised. Grants relating to assets are recognized over the expected useful life of the asset.

#### **Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 1 ACCOUNTING POLICIES (Continued)

#### **Employee benefits**

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

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

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

#### **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 Statement of comprehensive income 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.

#### **Leases**

##### **The Group as lessee**

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.

##### **The Group as lessor**

Rental income from operating leases is recognized on a straight line basis over the term of the relevant lease. Initial direct costs in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

### 2 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The items in the financial statements where these judgments and estimates have been made include:

#### **Trade and disbursement debtors**

In reviewing the recoverability of trade and disbursement debtors, the directors make decisions on a case by case basis.

#### **Amounts recoverable and contracts**

In assessing the correct amount of revenue to be recognised and the value of long-term contract balances, the directors make the best estimates of forecast costs where the amounts are unknown or disputed in order to assess the percentage completion in each case. In those cases which are litigated (these represent approximately 60% of amounts recoverable on contracts) there is a range of possible outcomes where the value could differ by approximately 10% higher or lower than the directors best estimates.

#### **Dilapidations provisions**

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

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 3 TURNOVER AND OTHER REVENUE

	2020 £	2019 £
Turnover analysed by class of business:		
Fees rendered for legal services	12,290,500	11,648,517
Movement in amounts recoverable on contracts	697,978	602,698
	<u>12,988,478</u>	<u>12,251,215</u>
	2020 £	2019 £
Other revenue:		
Interest income	91,225	59,993
	<u>91,225</u>	<u>59,993</u>
	2020 £	2019 £
Turnover analysed by geographical market:		
United Kingdom	12,988,478	12,251,215
	<u>12,988,478</u>	<u>12,251,215</u>

### 4 OTHER OPERATING INCOME

	2020 £	2019 £
Income from surrender of lease	-	100,000
Coronavirus job retention scheme grant income	221,944	-
Rent receivable	90,505	-
	<u>312,449</u>	<u>100,000</u>

### 5 OPERATING PROFIT/(LOSS)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging:		
Depreciation of tangible fixed assets	105,381	99,310
Amortisation of intangible assets	168,442	115,381
(Profit) / Loss on disposal of fixed assets	(368)	30,522
Operating lease charges	421,820	332,600
Defined contribution pension cost	186,578	152,525
	<u>186,578</u>	<u>152,525</u>

### 6 AUDITORS REMUNERATION

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual accounts	22,050	21,000
Fees payable to the company's auditors in respect of non-audit services		
Taxation services	4,490	4,400
Other services pursuant to legislation	10,250	10,000
	<u>14,740</u>	<u>14,400</u>

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 7 EMPLOYEES

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

	2020 Number	2019 Number
Fee earners	224	210
Administration	63	63
	<u>287</u>	<u>273</u>
Their aggregate remuneration comprised:	2020 £	2019 £
Wages and salaries	7,691,886	6,862,176
Social security costs	727,307	650,514
Cost of defined contribution pension scheme	186,578	152,525
	<u>8,605,771</u>	<u>7,665,215</u>

### 8 DIRECTORS REMUNERATION

	2020 £	2019 £
Directors emoluments	640,956	641,814
Company contributions to defined contribution pension scheme	16,565	17,878
	<u>657,521</u>	<u>659,692</u>

The highest paid director received remuneration of £182,973 (2019 £162,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,496 (2019 £4,500).

During the year the company made payments on behalf of eight (2019: six) directors to a defined contribution pension scheme.

### 9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Interest income		
Interest on bank deposit	<u>91,225</u>	<u>59,993</u>

### 10 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>110,330</u>	<u>152,455</u>

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 11 OTHER GAINS AND LOSSES ON FIXED ASSET INVESTMENTS

	2020 £	2019 £
Other gains and losses	-	-

### 12 TAXATION

	2020 £	2019 £
<b>Analysis of tax charge/(credit) for the period</b>		
<i>Current tax</i>		
UK corporation tax at 19.00%	47,642	135,673
Adjustments in respect of prior periods	-	(302)
<b>Total current tax charge/(credit)</b>	<b>47,642</b>	<b>135,371</b>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(29,459)	55,391
Effect of tax rate change on opening balance	2,796	-
<b>Tax on profit on ordinary activities</b>	<b>20,979</b>	<b>190,762</b>

	2020 £	2019 £
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#### Reconciliation of tax charge

The total tax charge/(credit) for the year included in the comprehensive income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

Profit/(loss) on ordinary activities before tax	29,091	558,828
Tax on profit on ordinary activities at standard CT rate of 19.00%	5,527	106,177
<i>Effects of:</i>		
Fixed asset differences	6,668	16,172
Expenses not deductible for tax purposes	5,988	4,431
Income not taxable for tax purposes	-	(108)
Adjust closing deferred tax to average rate of 19.00%	-	948
Deferred tax not recognised	-	63,444
Re-measurement of deferred tax for changes in tax rates	2,796	-
Adjustments to tax charge in respect of previous periods	-	(302)
<b>Tax charge/(credit) for the period</b>	<b>20,979</b>	<b>190,762</b>

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 13 INTANGIBLE FIXED ASSETS

	Goodwill £	Software £	Total £
<b>Cost</b>			
As at 1 June 2019	176,915	655,061	831,976
Additions	-	14,330	14,330
Disposals	-	(85,693)	(85,693)
As at 31 May 2020	<u>176,915</u>	<u>583,698</u>	<u>760,613</u>
<b>Amortisation and impairment</b>			
As at 1 <sup>st</sup> June 2019	38,265	400,966	439,231
Amortisation charged for year	24,665	143,774	168,439
Amortisation eliminated on disposal	-	(85,693)	(85,693)
As at 31 May 2020	<u>62,930</u>	<u>459,047</u>	<u>521,977</u>
<b>Carrying amount</b>			
As at 31 May 2020	<u>113,985</u>	<u>124,651</u>	<u>238,636</u>
As at 31 May 2019	<u>138,650</u>	<u>254,095</u>	<u>392,745</u>

### 14 TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	Equipment £	Total £
<b>Cost</b>				
At 1 June 2019	603,949	91,258	460,995	1,156,202
Additions	-	25,000	33,627	58,627
Disposals	-	(24,928)	(29,050)	(53,978)
At 31 May 2020	<u>603,949</u>	<u>91,330</u>	<u>465,572</u>	<u>1,160,851</u>
<b>Depreciation and impairment</b>				
At 1 June 2019	298,300	73,512	377,698	749,510
Depreciation charged for year	40,603	15,925	48,853	105,381
Depreciation eliminated on disposal	-	(24,928)	(28,707)	(53,635)
At 31 May 2020	<u>338,903</u>	<u>64,509</u>	<u>397,844</u>	<u>801,256</u>
<b>Carrying amount</b>				
At 31 May 2020	<u>265,046</u>	<u>26,821</u>	<u>67,728</u>	<u>359,595</u>
At 31 May 2019	<u>305,649</u>	<u>17,746</u>	<u>83,297</u>	<u>406,692</u>

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 15 FIXED ASSET INVESTMENTS

	Notes	2020 £	2019 £
Investments in subsidiaries	16	250,000	178
			Shares in group undertakings £
Cost or valuation			
At 1 June 2019			178
New investments in the year			250,000
Written off during the year			(178)
At 31 May 2020			250,000
Carrying amount			
At 31 May 2020			250,000
At 31 May 2019			178

During the year the Company acquired 100% of the share capital of Jackson Lees Trust Corporation Limited for £250,000. The share capital remains unpaid and is included within creditors due within one year.

### 16 SUBSIDIARIES

Details of the company's subsidiaries at 31 May 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Jackson Canter Billing Limited	Dormant	Ordinary	75%
Jackson Lees Trust Corporation Limited	Dormant	Ordinary	100%
Jackson Lees Law LLP	Inactive	Ordinary	100%
Jackson Canter Number 2 Limited	Dormant	Ordinary	100%

### 17 DEBTORS

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,392,329	2,213,036
Amounts recoverable on long term contracts	7,471,707	6,773,729
Corporation tax recoverable	11,375	11,375
Other debtors	7,988	45,276
Prepayments and accrued income	671,430	476,362
	10,554,829	9,519,778
Deferred tax asset (note 22)	2,894	-
	10,557,723	9,519,778

An impairment loss of £324,492 (2019 £90,261) was written off to profit in the year relating to trade debtors.



# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2020 £	2019 £
Bank loans and overdrafts	20	29,481	1,245,202
Trade creditors		54,283	97,022
Amount due to parent company		3,915,700	-
Amounts owed to group undertakings		250,000	178
Corporation tax		47,642	135,673
Taxation and social security		1,221,233	745,481
Other creditors		1,113,236	979,784
Accruals and deferred income		159,408	268,298
		<u>6,790,983</u>	<u>3,471,638</u>

The amounts owed to the parent company and group undertakings have no formal repayment date and are interest free.

### 19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts	29,481	932,880
Other creditors	300,000	786,000
	<u>329,481</u>	<u>1,718,880</u>

### 20 BORROWINGS

	2020 £	2019 £
Bank loans	58,962	1,539,875
Bank overdrafts	-	638,207
	<u>58,962</u>	<u>2,178,082</u>
Payable within one year	<u>29,481</u>	<u>1,245,202</u>

The loans and overdrafts are secured by a fixed charge and a floating over the assets of the company.

### 21 FINANCIAL INSTRUMENTS

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>2,400,316</u>	<u>2,258,311</u>
Carrying amount of financial liabilities	<u>(5,787,864)</u>	<u>(4,309,186)</u>

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 22 DEFERRED TAXATION

The major deferred tax liabilities and assets recognised by the company are:

	2020 £	2019 £
Fixed asset timing differences	62,119	80,547
Short term timing differences	(8,013)	(5,778)
Capital losses	(57,000)	(51,000)
	<u>(2,894)</u>	<u>23,769</u>
Movement:		
At 1 June 2019	23,769	
Charge to profit or loss	<u>(26,663)</u>	
At 31 May 2020	<u>(2,894)</u>	

### 23 PROVISIONS FOR LIABILITIES

	Provision for dilapidations £	Provision for holiday pay £	Total £
At 1 June 2019	185,000	112,771	297,771
Charged to profit and loss account	<u>(16,000)</u>	<u>112,229</u>	<u>96,229</u>
At 31 May 2020	<u>169,000</u>	<u>225,000</u>	<u>394,000</u>

Dilapidation provisions are expected to be utilised at the end of the leases to which they relate.

Holiday pay provision recognises the short term employee benefits yet to be paid at the end of the financial year.

### 24 SHARE CAPITAL

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
6000 Ordinary shares of 10p each	<u>600</u>	<u>600</u>
	<u>600</u>	<u>600</u>

The company's A and B ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 25 RESERVES

#### Capital redemption reserve

Includes the nominal value of shares repurchased and still held at the year end.

#### Profit and loss account

Includes all current and prior period retained profits and losses.

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

### 26 NOTES TO THE CASHFLOW

a) Cash generated from operations	2020	2019
	£	£
Profit for the year after tax	8,112	368,065
<b>Adjustments for:</b>		
Taxation charged	20,979	190,762
Interest paid	110,330	152,455
Interest received	(91,225)	(59,993)
Depreciation of tangible assets	105,381	99,310
Amount written off investments	178	-
Profit / Loss on disposal of fixed assets	(368)	30,524
Amortisation and impairment of intangible assets	168,439	115,381
Increase / (decrease) in provisions	96,229	(33,406)
<b>Movements in working capital:</b>		
Increase in debtors	(1,035,051)	(597,599)
Increase in creditors	793,397	407,108
<b>Cash generated from operations</b>	<b>176,401</b>	<b>672,607</b>

### b) Analysis of movement in net debt

	At 1 June 2019	Cashflows	At 31 May 2020
	£	£	£
Cash	19,266	923,957	943,223
Bank overdraft	(638,207)	638,207	-
	(618,941)	1,562,164	943,223
<b>Borrowings</b>			
Debt due within one year	(942,995)	(3,002,186)	(3,945,181)
Debt due after one year	(1,418,880)	1,389,399	(29,481)
	(2,361,875)	(1,612,787)	(3,974,662)
<b>Total</b>	<b>(2,980,816)</b>	<b>(50,623)</b>	<b>(3,031,439)</b>

### 27 PENSION COMMITMENTS

The company operates a number of defined contribution pension schemes. The amount charged to the statement of comprehensive income is in respect of pension costs for the year.

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

# JACKSON LEES GROUP LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2020

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### 28 OPERATING LEASE COMMITMENTS

#### Lessee

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

	2020 £	2019 £
Within one year	373,801	381,535
Between one and five years	1,705,031	1,523,288
In over five years	1,095,705	1,535,597
	<u>3,174,537</u>	<u>3,440,419</u>

### 29 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 £860,384 (2019: £960,614).

### 30 CONTINGENT LIABILITIES

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 May 2020 or 31 May 2019.

### 31 CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments as at 31 May 2020 or 31 May 2019.

### 32 CONTROLLING PARTY

Jackson Lees Group Ltd is a wholly owned subsidiary of MAPD Ventures Limited.

Mr Brian Cullen, a director of the Company, controls the company as a result of controlling 60% of the share capital of MAPD Ventures Limited as at 31 May 2020. The directors do not consider that the company had a single controlling party as at 31 May 2019.