

Registration number: 03041461

# Employment Law Advisory Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2017

Beever and Struthers  
St Georges House  
215 - 219 Chester Road  
Manchester  
M15 4JE



# **Employment Law Advisory Services Limited**

## **Contents**

Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Consolidated Income Statement	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15 to 32

# **Employment Law Advisory Services Limited**

## **Company Information**

### **Registered office**

Charles House  
Albert Street  
Eccles  
Manchester  
M30 0PW

### **Auditors**

Beever and Struthers  
St Georges House  
215 - 219 Chester Road  
Manchester  
M15 4JE

**Employment Law Advisory Services Limited**  
**Strategic Report for the Year Ended 31 January 2017**

The directors present their strategic report for the year ended 31 January 2017.

**Principal activity**

The principal activity of the company is the provision of employment law advice.

**Fair review of the business**

The consolidated group results for the year resulted in a profit before taxation of £762,327 (2016 - £480,828).

The group continually strives for greater efficiencies and improvements and as a result feels it is well placed to take advantages in the market place which remains buoyant and competitive.

~~The strategy of the directors is to build market share and improve margins through economies of scale. The increase in both turnover and profit recorded in these accounts is considered satisfactory and in line with expectations.~~

Health and Safety Management Consultants Limited was acquired during the year to bolster the group's standing in the health surveillance market. The directors are satisfied with the contribution this company has made to the group's results for the period since acquisition.

Since the balance sheet date the group has continued to perform well. The structure of the group is being reviewed to provide greater synergies from the consolidation of the various services the group provides.

The group constantly monitors the performance of both the parent and its subsidiary companies. The directors regularly discuss with the management team the performance of indicators such as turnover, gross margins, recovery of debts, customer service levels and the cost of overheads. They are continually being reviewed and amended as the business continues to grow in the market place.

## **Employment Law Advisory Services Limited**

### **Strategic Report for the Year Ended 31 January 2017**

#### **Principal risks and uncertainties**

##### **Market risk**

The markets in which the group operates are very competitive. Margins remain tight and as a result cost efficiencies are constantly reviewed by the Directors to improve profitability. The directors feel that because of this they are well placed to take advantage of market conditions.

The Directors have implemented internal controls and procedures which will allow speedily the integration of any acquisitions into the current group structure. They are also of the opinion that the integration would have no detrimental impact on the day to day functionality of any of the other business.

##### **Credit and Liquidity Risk**

The Directors continuously review the free working cash flow position and manage it on a daily basis. Improvements are continually being made to internal processes and procedures to ensure recoverability of debtors and its ability to monitor revenue streams.

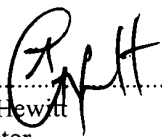
As a result the directors believe that the group is well placed to finance any investment opportunities which may come along in the market place.

The group had at the balance sheet date bank borrowings of £1,461,948 which is repayable over 3 years. Since that date the group has continued to repay these amounts. The Directors feel that the amount outstanding does not constitute any risk to the business as cash flow remains strong.

##### **Interest rate risk**

The directors do not consider this to be of concern and is satisfied that should there be an interest rate rise the business has adequate measures and resources in place to be able to overcome this risk.

Approved by the Board on 26 October 2017 and signed on its behalf by:

  
.....  
A G Hewitt  
Director

**Employment Law Advisory Services Limited**  
**Directors' Report for the Year Ended 31 January 2017**

The directors present their report and the accounts for the year ended 31 January 2017.

**Directors of the group**

The directors who held office during the year were as follows:

I J Martin - Director

A G Hewitt - Director

***Objectives and policies***

The objectives and policies of the business are detailed within the strategic report.

***Price risk, credit risk, liquidity risk and cash flow risk***

Details on the risks faced by the business are described in the strategic report.

**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 26 October 2017 and signed on its behalf by:

.....  
A G Hewitt  
Director

## **Employment Law Advisory Services Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **Employment Law Advisory Services Limited**

### **Independent Auditor's Report to the Members of Employment Law Advisory Services Limited**

We have audited the financial statements of Employment Law Advisory Services Limited for the year ended 31 January 2017, set out on pages 8 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Statement of Directors' Responsibilities (set out on page 5), 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 (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 January 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our 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.

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

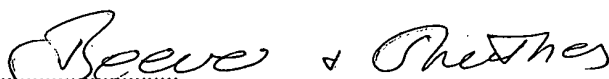
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:



## **Employment Law Advisory Services Limited**

### **Independent Auditor's Report to the Members of Employment Law Advisory Services Limited**

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



.....  
Caroline Monk (Senior Statutory Auditor)  
For and on behalf of Beeve and Struthers, Statutory Auditor

St Georges House  
215 - 219 Chester Road  
Manchester  
M15 4JE

26 October 2017

## Employment Law Advisory Services Limited

### Consolidated Income Statement for the Year Ended 31 January 2017

	Note	Total 31 January 2017 £	Total 31 January 2016 £
Turnover	3	12,340,692	10,642,582
Cost of sales		<u>(1,966,376)</u>	<u>(1,764,751)</u>
Gross profit		10,374,316	8,877,831
Administrative expenses		<u>(9,536,284)</u>	<u>(8,320,767)</u>
Operating profit	5	<u>838,032</u>	<u>557,064</u>
<del>Other interest receivable and similar income</del>	<del>6</del>	<del>4,121</del>	<del>1,065</del>
<del>Interest payable and similar expenses</del>	<del>7</del>	<del><u>(79,826)</u></del>	<del><u>(77,301)</u></del>
		<u>(75,705)</u>	<u>(76,236)</u>
Profit before tax		762,327	480,828
Taxation	11	<u>(232,313)</u>	<u>(232,004)</u>
Profit for the financial year		<u>530,014</u>	<u>248,824</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		548,874	254,902
Minority interests		<u>(18,860)</u>	<u>(6,078)</u>
		<u>530,014</u>	<u>248,824</u>

The group has no recognised gains or losses for the year other than the results above.

## Employment Law Advisory Services Limited

### Consolidated Statement of Comprehensive Income for the Year Ended 31 January 2017

	Note	2017 £	2016 £
Profit for the year		530,014	248,824
Total comprehensive income for the year		530,014	248,824
<b>Total comprehensive income attributable to:</b>			
Owners of the company		548,874	254,902
Minority interests		(18,860)	(6,078)
		530,014	248,824

The notes on pages 15 to 32 form an integral part of these financial statements.


# Employment Law Advisory Services Limited

(Registration number: 03041461)

## Consolidated Statement of Financial Position as at 31 January 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	12	2,355,448	2,171,776
Tangible assets	13	962,981	809,045
		<u>3,318,429</u>	<u>2,980,821</u>
<b>Current assets</b>			
Debtors	15	2,822,326	2,281,065
Cash at bank and in hand		483,667	606,643
		<u>3,305,993</u>	<u>2,887,708</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(3,975,260)</u>	<u>(3,621,906)</u>
<b>Net current liabilities</b>		<u>(669,267)</u>	<u>(734,198)</u>
<b>Total assets less current liabilities</b>		2,649,162	2,246,623
<b>Creditors: Amounts falling due after more than one year</b>	17	(1,110,825)	(1,228,610)
<b>Provisions for liabilities</b>	18	<u>(82,531)</u>	<u>(77,221)</u>
<b>Net assets</b>		<u>1,455,806</u>	<u>940,792</u>
<b>Capital and reserves</b>			
Called up share capital	20	2	2
Profit and loss account	21	1,410,181	875,557
Equity attributable to owners of the company		1,410,183	875,559
Minority interests		<u>45,623</u>	<u>65,233</u>
<b>Total equity</b>		<u>1,455,806</u>	<u>940,792</u>

Approved and authorised by the Board on 26 October 2017 and signed on its behalf by:

  
 .....  
 A G Hewitt  
 Director

The notes on pages 15 to 32 form an integral part of these financial statements.

# Employment Law Advisory Services Limited


(Registration number: 03041461)

## Statement of Financial Position as at 31 January 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	387,781	361,537
Investments	14	4,144,284	3,763,449
		<u>4,532,065</u>	<u>4,124,986</u>
<b>Current assets</b>			
Debtors	15	1,795,521	1,561,756
Cash at bank and in hand		142,619	279,570
		<u>1,938,140</u>	<u>1,841,326</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(2,933,779)</u>	<u>(2,917,885)</u>
<b>Net current liabilities</b>		<u>(995,639)</u>	<u>(1,076,559)</u>
<b>Total assets less current liabilities</b>		3,536,426	3,048,427
<b>Creditors: Amounts falling due after more than one year</b>	17	(988,361)	(1,148,368)
<b>Provisions for liabilities</b>	18	<u>(9,579)</u>	<u>(12,171)</u>
<b>Net assets</b>		<u>2,538,486</u>	<u>1,887,888</u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		<u>2,538,484</u>	<u>1,887,886</u>
<b>Total equity</b>		<u>2,538,486</u>	<u>1,887,888</u>

The company made a profit after tax for the financial year of £650,598 (2016 - profit of £1,122,790).

Approved and authorised by the Board on 26 October 2017 and signed on its behalf by:



A G Hewitt

Director

The notes on pages 15 to 32 form an integral part of these financial statements.

**Employment Law Advisory Services Limited**

**Consolidated Statement of Changes in Equity for the Year Ended 31 January 2017**  
**Equity attributable to the parent company**

	Share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2016	2	875,557	875,559	65,233	940,792
Profit/(loss) for the year	-	548,874	548,874	(18,860)	530,014
Total comprehensive income	-	548,874	548,874	(18,860)	530,014
Dividends	-	(14,250)	(14,250)	(750)	(15,000)
At 31 January 2017	2	1,410,181	1,410,183	45,623	1,455,806
	Share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2015	2	560,167	560,169	146,799	706,968
Profit for the year	-	254,902	254,902	(6,078)	248,824
Total comprehensive income	-	254,902	244,008	(6,078)	248,824
Dividends	-	(14,250)	(14,250)	(750)	(15,000)
Increase in ownership interests in subsidiaries	-	74,738	74,738	(74,738)	-
At 31 January 2016	2	875,557	875,559	65,233	940,792

The notes on pages 15 to 32 form an integral part of these financial statements.  
Page 12

**Employment Law Advisory Services Limited**

**Statement of Changes in Equity for the Year Ended 31 January 2017**

	Share capital £	Profit and loss account £	Total £
At 1 February 2016	2	1,887,886	1,887,888
Profit for the year	-	650,598	650,598
Total comprehensive income	-	650,598	650,598
At 31 January 2017	2	2,538,484	2,538,486
	Share capital £	Profit and loss account £	Total £
At 1 February 2015	2	765,096	765,098
Profit for the year	-	1,122,790	1,122,790
Total comprehensive income	-	1,122,790	1,122,790
At 31 January 2016	2	1,887,886	1,887,888

The notes on pages 15 to 32 form an integral part of these financial statements.

## Employment Law Advisory Services Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 January 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Profit for the year		530,014	248,825
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	601,030	496,073
Loss on disposal of tangible assets	4	7,412	-
Finance income	6	(4,121)	(897)
Finance costs	7	79,826	76,857
Income tax expense	11	232,313	232,004
		<u>1,446,474</u>	<u>1,052,862</u>
Working capital adjustments			
(Increase)/decrease in debtors	15	(541,261)	(44,990)
Increase/(decrease) in creditors	17	303,196	221,846
Cash generated from operations		1,208,409	1,229,718
Income taxes paid	11	(230,869)	(129,297)
Net cash flow from operating activities		<u>977,540</u>	<u>1,100,421</u>
<b>Cash flows from investing activities</b>			
Interest received		4,121	897
Acquisitions of tangible assets		(468,185)	(442,608)
Proceeds from sale of tangible assets		25,385	-
Acquisition of intangible assets	12	(503,250)	(582,549)
Net cash flows from investing activities		<u>(941,929)</u>	<u>(1,024,260)</u>
<b>Cash flows from financing activities</b>			
Interest paid	7	(79,826)	(76,857)
Repayment of bank borrowing		(150,216)	22,945
Payments to finance lease creditors		86,455	85,387
Dividends paid		(15,000)	(15,000)
Net cash flows from financing activities		<u>(158,587)</u>	<u>16,475</u>
Net (decrease)/increase in cash and cash equivalents		(122,976)	92,636
Cash and cash equivalents at 1 February 2016		606,643	514,007
Cash and cash equivalents at 31 January 2017		<u>483,667</u>	<u>606,643</u>

The notes on pages 15 to 32 form an integral part of these financial statements.



## **Employment Law Advisory Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2017**

#### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Charles House

Albert Street

Eccles

Manchester

M30 0PW

United Kingdom

These financial statements were authorised for issue by the Board on 26 October 2017.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 January 2017.

## **Employment Law Advisory Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2017**

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the group's activities.

#### **Tax**

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

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

## **Employment Law Advisory Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2017**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings	6.7% straight line, 25% reducing balance basis
Furniture, fittings and equipment	20-33% straight line, 25-33% reducing balance basis
Motor vehicles	20% straight line, 25% reducing balance basis
Other property, plant and equipment	20-33% straight line basis

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	10% straight line basis

## **Employment Law Advisory Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2017**

#### **Investments**

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

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

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. 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 costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Rendering of services	12,340,692	10,642,582
	<u>12,340,692</u>	<u>10,642,582</u>

### 4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2017 £	2016 £
Gain (loss) on disposal of property, plant and equipment	(7,412)	-

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 5 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	281,452	226,819
Amortisation expense	319,578	269,252
Operating lease expense - plant and machinery	11,950	17,205
Loss on disposal of property, plant and equipment	7,412	-

#### 6 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	4,121	1,065

#### 7 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	55,282	61,117
Interest on obligations under finance leases and hire purchase contracts	15,683	8,079
Interest expense on other finance liabilities	8,861	8,105
	79,826	77,301

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	5,271,200	4,526,001
Social security costs	576,987	483,615
Other short-term employee benefits	33,493	26,634
Pension costs, defined contribution scheme	35,502	27,088
Staff training and development	558,815	559,480
	6,475,997	5,622,818

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Sales, marketing and distribution	213	196

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 9 Directors' remuneration

The directors do not receive any remuneration from the group.

#### 10 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	27,500	27,022

#### 11 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	228,191	195,719
UK corporation tax adjustment to prior periods	(1,188)	8,631
	227,003	204,350
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	5,310	27,654
Tax expense in the income statement	232,313	232,004

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	762,327	480,828
Corporation tax at standard rate	152,465	96,166
Effect of expense not deductible in determining taxable profit (tax loss)	7,625	38,252
Effect of tax losses	-	11,780
Increase in UK and foreign current tax from adjustment for prior periods	152	10,242
Tax increase from effect of capital allowances and depreciation	82,553	53,573
Tax increase from other short-term timing differences	1,827	1,401
Tax decrease arising from group relief	(13,776)	(1,000)
Double taxation relief	(387)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	1,854	21,590
Total tax charge	232,313	232,004

# Employment Law Advisory Services Limited

## Notes to the Financial Statements for the Year Ended 31 January 2017

### Deferred tax

#### Group

#### Deferred tax assets and liabilities

#### 2017

Accelerated capital allowances  
Other short term timing differences

Asset £	Liability £
-	87,211
4,680	-
4,680	87,211

#### 2016

Accelerated capital allowances  
Other short term timing differences

Asset £	Liability £
-	75,252
1,969	-
1,969	75,252

#### Company

#### Deferred tax assets and liabilities

#### 2017

Accelerated capital allowances  
Other short term timing differences

Asset £	Liability £
-	13,807
4,228	-
4,228	13,807

#### 2016

Accelerated capital allowances  
Other short term timing differences

Asset £	Liability £
-	14,140
1,969	-
1,969	14,140



## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 12 Intangible assets

##### Group

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 February 2016	3,294,182	3,294,182
Additions acquired separately	<u>503,250</u>	<u>503,250</u>
At 31 January 2017	<u>3,797,432</u>	<u>3,797,432</u>
<b>Amortisation</b>		
At 1 February 2016	1,122,406	1,122,406
Amortisation charge	<u>319,578</u>	<u>319,578</u>
At 31 January 2017	<u>1,441,984</u>	<u>1,441,984</u>
<b>Carrying amount</b>		
At 31 January 2017	<u>2,355,448</u>	<u>2,355,448</u>
At 31 January 2016	<u>2,171,776</u>	<u>2,171,776</u>

##### Company

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 February 2016	<u>462,656</u>	<u>462,656</u>
At 31 January 2017	<u>462,656</u>	<u>462,656</u>
<b>Amortisation</b>		
At 1 February 2016	<u>462,656</u>	<u>462,656</u>
At 31 January 2017	<u>462,656</u>	<u>462,656</u>
<b>Carrying amount</b>		
At 31 January 2017	<u>-</u>	<u>-</u>

**Employment Law Advisory Services Limited**

**Notes to the Financial Statements for the Year Ended 31 January 2017**

**13 Tangible assets**

**Group**

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 February 2016	27,423	1,069,362	822,106	39,060	1,957,951
Additions	-	152,057	275,769	40,359	468,185
Disposals	-	(101)	(93,045)	-	(93,146)
At 31 January 2017	27,423	1,221,318	1,004,830	79,419	2,332,990
<b>Depreciation</b>					
At 1 February 2016	24,093	732,310	356,486	36,017	1,148,906
Charge for the year	3,330	115,606	150,653	11,863	281,452
Eliminated on disposal	-	(76)	(60,273)	-	(60,349)
At 31 January 2017	27,423	847,840	446,866	47,880	1,370,009
<b>Carrying amount</b>					
At 31 January 2017	-	373,478	557,964	31,539	962,981
At 31 January 2016	3,330	337,052	465,620	3,043	809,045

Included within the net book value of land and buildings above is £Nil (2016 - £3,330) in respect of freehold land and buildings.

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### Company

	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>			
At 1 February 2016	551,725	378,629	930,354
Additions	96,546	68,167	164,713
Disposals	-	(93,045)	(93,045)
At 31 January 2017	648,271	353,751	1,002,022
<b>Depreciation</b>			
At 1 February 2016	390,387	178,430	568,817
Charge for the year	51,866	53,831	105,697
Eliminated on disposal	-	(60,273)	(60,273)
At 31 January 2017	442,253	171,988	614,241
<b>Carrying amount</b>			
At 31 January 2017	206,018	181,763	387,781
At 31 January 2016	161,338	200,199	361,537

#### 14 Investments

##### Group

##### Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Support, Training & Services Limited	England and Wales	Ordinary	100%	100%
Sound Advice Safety & Health Limited		Ordinary	95%	75%
	England and Wales			
Simply Safe Worldwide Limited	England and Wales	Ordinary	100%	100%

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

Sound Advice Health & Safety Limited			100%	100%
	England and Wales			
Safety Compliance Services Limited		Ordinary	100%	100%
	England and Wales			
Occupational Medicals Enterprise Limited		Ordinary	75%	75%
	England and Wales			
Health and Safety Management Services Limited		Ordinary	100%	100%
	England and Wales			

#### Subsidiary undertakings

The principal activity of Support, Training & Services Limited is environmental health consultancy.

The principal activity of Sound Advice Safety & Health Limited is health services.

The principal activity of Simply Safe Worldwide Limited is environmental consultancy

The principal activity of Sound Advice Health & Safety Limited is dormant.

The principal activity of Safety Compliance Services Limited is dormant.

The principal activity of Occupational Medicals Enterprise Limited is provision of medical services.

The principal activity of Health and Safety Management Services Limited is health services.

#### Company

	2017 £	2016 £
Investments in subsidiaries	4,144,284	3,763,449

#### Subsidiaries

£

##### Cost or valuation

At 1 February 2016	3,763,449
Additions	550,922
Fair value adjustment	(170,000)
Disposals	(87)
At 31 January 2017	4,144,284

##### Carrying amount

At 31 January 2017	4,144,284
At 31 January 2016	3,763,449

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 15 Debtors

	Note	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Trade debtors		1,577,610	1,029,164	662,881	438,887
Amounts owed by related parties	26	-	-	35,069	56,807
Other debtors		1,011,214	1,013,083	960,020	941,979
Prepayments		233,502	238,818	137,551	124,083
Total current trade and other debtors		2,822,326	2,281,065	1,795,521	1,561,756

#### 16 Cash and cash equivalents

	2017 £	2016 £	2017 £	2016 £
Cash at bank	483,667	606,643	142,620	279,570

#### 17 Creditors

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
<b>Due within one year</b>					
Loans and borrowings	23	687,372	633,348	561,195	572,549
Trade creditors		773,915	828,586	548,798	539,379
Amounts due to related parties	26	393,964	458,964	393,964	458,964
Social security and other taxes		717,526	480,757	453,156	346,683
Outstanding defined contribution pension costs		14,356	26,029	9,818	19,535
Other payables		436,434	315,622	267,746	283,519
Accrued expenses		729,345	652,386	508,843	522,492
Income tax liability	11	222,348	226,214	190,259	174,764
		<u>3,975,260</u>	<u>3,621,906</u>	<u>2,933,779</u>	<u>2,917,885</u>
<b>Due after one year</b>					
Loans and borrowings	23	1,110,825	1,228,610	988,361	1,148,368

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 18 Deferred tax and other provisions

##### Group

	Deferred tax £	Total £
At 1 February 2016	77,221	77,221
Increase (decrease) in existing provisions	5,310	5,310
At 31 January 2017	82,531	82,531

##### Company

	Deferred tax £	Total £
At 1 February 2016	12,171	12,171
Increase (decrease) in existing provisions	(2,592)	(2,592)
At 31 January 2017	9,579	9,579

#### 19 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £35,502 (2016 - £27,088).

Contributions totalling £14,356 (2016 - £26,029) were payable to the scheme at the end of the year and are included in creditors.

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

#### 21 Reserves

##### Group

The profit and loss account reserve represents accumulated comprehensive income for the year and prior periods less dividends paid.

## **Employment Law Advisory Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2017**

#### **22 Minority interests**

The minority interests relate to:

Support, Training & Services Limited of which 0% (2016 - 0%) of the voting rights are held outside of the group.

Sound Advice Safety & Health Limited of which 5% (2016 - 25%) of the voting rights are held outside of the group.

Simply Safe Worldwide Limited of which 0% (2016 - 0%) of the voting rights are held outside of the group.

Sound Advice Health & Safety Limited of which 0% (2016 - 0%) of the voting rights are held outside of the group.

Safety Compliance Services Limited of which 0% (2016 - 0%) of the voting rights are held outside of the group.

Occupational Medicals Enterprise Limited of which 25% (2016 - 25%) of the voting rights are held outside of the group.

Health and Safety Management Services Limited of which 0% (2016 - 0%) of the voting rights are held outside of the group.

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 23 Loans and borrowings

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
<b>Current loans and borrowings</b>				
Bank borrowings	543,342	515,841	543,342	515,841
Finance lease liabilities	144,030	117,507	17,853	56,708
	<u>687,372</u>	<u>633,348</u>	<u>561,195</u>	<u>572,549</u>

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	918,606	1,096,323	918,606	1,096,323
Finance lease liabilities	192,219	132,287	69,755	52,045
	<u>1,110,825</u>	<u>1,228,610</u>	<u>988,361</u>	<u>1,148,368</u>

#### 24 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	254,426	243,982
Later than one year and not later than five years	<u>910,764</u>	<u>884,327</u>
	<u>1,165,190</u>	<u>1,128,309</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £264,582 (2016 - £255,985).

##### Company

##### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	249,678	242,887
Later than one year and not later than five years	<u>905,620</u>	<u>884,327</u>
	<u>1,155,298</u>	<u>1,127,214</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £259,767 (2016 - £245,691).



## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### 25 Dividends

	2017 £	2016 £
Final dividend of £15,000.00 (2016 - £15,000.00) per ordinary share	15,000	15,000

#### 26 Related party transactions

##### Mr A G Hewitt and Mr I J Martin

(The directors and shareholders of the company)

The directors provide the company with working capital. At the balance sheet date, the amount due to the directors was £393,964 (2016 - £458,964). This loan is interest free, unsecured and repayable on demand.

##### Martin Hewitt Enterprises Properties Limited

(Company under common control)

The company advanced a loan to Martin Hewitt Enterprises Properties Limited. This amount is not payable under one year. At the balance sheet date the amount due from Martin Hewitt Enterprises Properties Limited was £590,083 (2016 - £572,843). This loan is interest free, and is considered repayable on demand.

##### Martin Hewitt Enterprises Logistics Limited

(Company under common control)

The company advances a loan to Martin Hewitt Enterprises Logistics Limited. This amount is not payable under one year. The company also paid management charges of £455,000 (2016 - £295,450). At the balance sheet date the amount due from Martin Hewitt Enterprises Logistics Limited was £295,450 (2016 - £295,390). This loan is interest free, and is considered repayable on demand.

#### 27 Financial instruments

##### Group

##### Categorisation of financial instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	2,588,823	2,042,246
	<u>2,588,823</u>	<u>2,042,246</u>
Financial liabilities measured at amortised cost	(2,282,685)	(2,236,520)
	<u>(2,282,685)</u>	<u>(2,236,520)</u>

## Employment Law Advisory Services Limited

### Notes to the Financial Statements for the Year Ended 31 January 2017

#### Company

#### Categorisation of financial instruments

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost	1,657,970	1,437,671
	<u>1,657,970</u>	<u>1,437,671</u>
Financial liabilities measured at amortised cost	(1,771,703)	(1,854,410)
	<u>(1,771,703)</u>	<u>(1,854,410)</u>

#### 28 Parent and ultimate parent undertaking

~~The ultimate controlling party is the directors by virtue of 100% of the issued share capital..~~