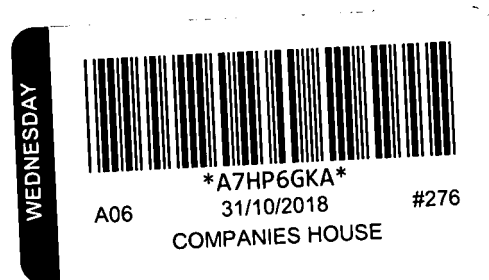


Registration number: 03041461

Employment Law Advisory Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2018



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

Employment Law Advisory Services Limited

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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 2018

The directors present their strategic report for the year ended 31 January 2018.

Principal activity

The principal activity of the company is the provision of employment law advice, health surveillance, health and safety management consultancy including to the food sector, occupational health and specialist training services.

Fair review of the business

The consolidated group results for the year showed a profit before taxation of £501,451 (2017: £762,327). Turnover showed an increase of 5.5% on the previous year.

The group throughout the year, has continued to support its strategic model of strengthening operational efficiencies and systems improvement, by investing in its IT infrastructure and by adding experience and value to the business through the recruitment of knowledgeable personnel from within the industrial sector.

This “investment for the future” policy has enabled the group to position itself as to have an advantage in the market place to allow it to build market share quickly through acquisition and profitability. The directors believe the “groundwork” put down during the past financial year has allowed the group to become well positioned to take advantage of all business opportunities and with the continued support currently given by its corporate bankers and advisors, will allow the group to achieve a greater market share in the next few years.

Additionally, through these improvements to operating and financial systems, the directors believe the costs associated with the integration of any future acquired businesses will be minimal, therefore allowing the group to quickly achieve its targeted returns.

The business is currently in discussions with several strategic acquisition targets and hopes to complete further acquisitions in the near future.

Since the balance sheet date, the group has continued to perform well, with the investment in synergies and operational improvements during 2017-2018 starting to impact on improved margins and profitability.

The additional improvement through more in-depth and timelier financial and operational reporting has allowed the business to monitor its internal controls and financial performance. It also permits the group to assess in greater detail the results of the parent and its subsidiary companies. The directors constantly discuss with the senior management team, key performance indicators and continually re-assess, modify and amend them to improve customer service.

Employment Law Advisory Services Limited

Strategic Report for the Year Ended 31 January 2018

Principal risks and uncertainties

Market risks

The market sector in which the group operates is competitive with tight margins. It is essential that the group constantly reviews its cost base to maximise profitability. However, this year the group took the decision to invest in its business management systems, which meant one off additional costs were incurred during the year. The directors believe that the incurrence of these costs to enhance improvements to the business management systems, were totally vindicated and will provide the platform for future growth. At no time did the directors believe that these one-off additional costs caused any market or credit risk to the group.

The directors also believe that the strategic decision to acquire quality businesses within the sector can be integrated speedily without detrimental impact to the group's structure, organisation and day to day functionality of any of the group's businesses.

Credit and Liquidity Risk

The directors continually review the group's cash flow position. Improvements have been made to internal processes to monitor revenue streams and ensure recoverability of trade debtor balances.


The group has a strong relationship with its corporate bankers who they involve in supporting strategic business decisions. The business presents an in-depth quarterly financial review to them along with regular monthly dialogue.


The group had at the balance sheet date bank borrowings of £918,607 (2017; £1,461,948) which is repayable over the next 15 months. Since the balance sheet the group has continued to repay these amounts on a quarterly basis. The directors believe the amount outstanding does not constitute any credit risk to the business as cash flow remains strong.

Interest rate risk

The directors do not consider this to be of a concern to the group. They are satisfied, that should there be any future interest rate rises, the business has adequate measures and resources in place to overcome this risk.

Approved by the Board on 17 October 2018 and signed on its behalf by:


.....
I J Martin
Director


.....
A G Hewitt
Director

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 January 2018

The directors present their report and the for the year ended 31 January 2018.

Directors of the group

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

I J Martin - Director

A G Hewitt - Director


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 17 October 2018 and signed on its behalf by:



.....
I J Martin
Director



.....
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

Opinion

We have audited the financial statements of Employment Law Advisory Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2018, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Employment Law Advisory Services Limited

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

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the 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, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Employment Law Advisory Services Limited

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

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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.



Caroline Monk BA FCA (Senior Statutory Auditor)

For and on behalf of Beever and Struthers, Statutory Auditor

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

24 October 2018

Employment Law Advisory Services Limited

Consolidated Income Statement for the Year Ended 31 January 2018

	Note	2018 £	2017 £
Turnover	3	13,013,112	12,340,692
Cost of sales		<u>(2,488,663)</u>	<u>(1,966,377)</u>
Gross profit		10,524,449	10,374,315
Administrative expenses		<u>(9,951,779)</u>	<u>(9,536,459)</u>
Operating profit	5	<u>572,670</u>	837,856
Other interest receivable and similar income	6	147	4,297
Interest payable and similar expenses	7	<u>(71,366)</u>	<u>(79,826)</u>
		<u>(71,219)</u>	<u>(75,529)</u>
Profit before tax		501,451	762,327
Taxation	11	<u>8,568</u>	<u>(232,313)</u>
Profit for the financial year		<u>510,019</u>	<u>530,014</u>
Profit/(loss) attributable to:			
Owners of the company		505,343	548,874
Minority interests		<u>4,676</u>	<u>(18,860)</u>
		<u>510,019</u>	<u>530,014</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 2018

	2018 £	2017 £
Profit for the year	510,019	530,014
Total comprehensive income for the year	510,019	530,014
Total comprehensive income attributable to:		
Owners of the company	505,343	548,874
Minority interests	4,676	(18,860)
	510,019	530,014

The notes on pages 16 to 34 form an integral part of these financial statements.

Employment Law Advisory Services Limited

(Registration number: 03041461)

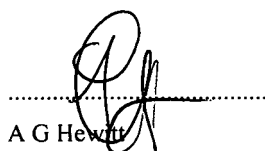
Consolidated Statement of Financial Position as at 31 January 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	2,135,870	2,355,448
Tangible assets	13	1,028,795	962,981
		<u>3,164,665</u>	<u>3,318,429</u>
Current assets			
Debtors	15	2,562,107	2,822,325
Cash at bank and in hand		466,668	483,666
		<u>3,028,775</u>	<u>3,305,991</u>
Creditors: Amounts falling due within one year	17	<u>(3,586,984)</u>	<u>(3,975,258)</u>
Net current liabilities		<u>(558,209)</u>	<u>(669,267)</u>
Total assets less current liabilities		2,606,456	2,649,162
Creditors: Amounts falling due after more than one year	17	(567,144)	(1,110,825)
Provisions for liabilities	18	<u>(88,487)</u>	<u>(82,531)</u>
Net assets		<u>1,950,825</u>	<u>1,455,806</u>
Capital and reserves			
Called up share capital	20	2	2
Profit and loss account	21	<u>1,915,524</u>	<u>1,410,181</u>
Equity attributable to owners of the company		1,915,526	1,410,183
Minority interests		<u>35,299</u>	<u>45,623</u>
Total equity		<u>1,950,825</u>	<u>1,455,806</u>

Approved and authorised by the Board on 17 October 2018 and signed on its behalf by:



I J Martin
Director



A G Hewitt
Director

The notes on pages 16 to 34 form an integral part of these financial statements.

Employment Law Advisory Services Limited

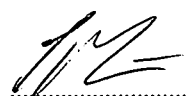
(Registration number: 03041461)

Statement of Financial Position as at 31 January 2018

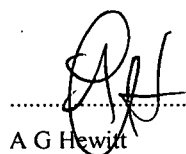
	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	397,127	387,781
Investments	14	4,074,284	4,144,284
		<u>4,471,411</u>	<u>4,532,065</u>
Current assets			
Debtors	15	2,155,260	1,795,521
Cash at bank and in hand		154,683	142,619
		<u>2,309,943</u>	<u>1,938,140</u>
Creditors: Amounts falling due within one year	17	<u>(3,625,996)</u>	<u>(2,933,779)</u>
Net current liabilities		<u>(1,316,053)</u>	<u>(995,639)</u>
Total assets less current liabilities		3,155,358	3,536,426
Creditors: Amounts falling due after more than one year	17	(417,814)	(988,361)
Provisions for liabilities	18	<u>(5,219)</u>	<u>(9,579)</u>
Net assets		<u>2,732,325</u>	<u>2,538,486</u>
Capital and reserves			
Called up share capital	20	2	2
Profit and loss account		<u>2,732,323</u>	<u>2,538,484</u>
Total equity		<u>2,732,325</u>	<u>2,538,486</u>

The company made a profit after tax for the financial year of £193,839 (2017 - profit of £650,598).

Approved and authorised by the Board on 17 October 2018 and signed on its behalf by:



I J Martin
Director



A G Hewitt
Director

The notes on pages 16 to 34 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 2018
Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2017	2	1,410,181	1,410,183	45,623	1,455,806
Profit for the year	-	505,343	505,343	4,676	510,019
Total comprehensive income	-	505,343	505,343	4,676	510,019
Dividends	-	-	-	(15,000)	(15,000)
At 31 January 2018	2	1,915,524	1,915,526	35,299	1,950,825
	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

The notes on pages 16 to 34 form an integral part of these financial statements.

Employment Law Advisory Services Limited

Statement of Changes in Equity for the Year Ended 31 January 2018

	Share capital £	Profit and loss account £	Total £
At 1 February 2017	2	2,538,484	2,538,486
Profit for the year	-	193,839	193,839
Total comprehensive income	-	193,839	193,839
At 31 January 2018	2	2,732,323	2,732,325
	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

Employment Law Advisory Services Limited

Consolidated Statement of Cash Flows for the Year Ended 31 January 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		510,019	530,014
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	638,966	601,030
(Profit)/loss on disposal of tangible assets	4	(32,239)	7,412
Finance income	6	(147)	(4,121)
Finance costs	7	71,366	79,826
Income tax expense	11	(8,568)	232,313
		<u>1,179,397</u>	<u>1,446,474</u>
Working capital adjustments			
Decrease in trade debtors	15	291,562	(541,261)
Decrease in trade creditors	17	(191,527)	291,237
Accrued expenses		<u>9,694</u>	<u>76,959</u>
Cash generated from operations		1,289,126	1,273,409
Income taxes paid	11	(142,006)	(230,869)
Net cash flow from operating activities		<u>1,147,120</u>	<u>1,042,540</u>
Cash flows from investing activities			
Interest received		147	4,121
Acquisitions of tangible assets		(172,743)	(268,196)
Proceeds from sale of tangible assets		68,619	25,385
Acquisition of intangible assets	12	(100,000)	(503,250)
Net cash flows from investing activities		<u>(203,977)</u>	<u>(741,940)</u>
Cash flows from financing activities			
Interest paid	7	(71,366)	(79,826)
Repayment of bank borrowing		(543,341)	(150,216)
Payments to finance lease creditors		(195,706)	(113,534)
Repayment of related party loans		(134,729)	(65,000)
Dividends paid		(15,000)	(15,000)
Net cash flows from financing activities		<u>(960,142)</u>	<u>(423,576)</u>
Net increase/(decrease) in cash and cash equivalents		(16,999)	(122,976)
Cash and cash equivalents at 1 February		<u>483,666</u>	<u>606,643</u>
Cash and cash equivalents at 31 January		<u>466,668</u>	<u>483,667</u>

The notes on pages 16 to 34 form an integral part of these financial statements.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

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 17 October 2018.

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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 January 2018.

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.

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied that with the support of their bankers, key stakeholders and group companies, the company will continue to meet its liabilities as they fall due.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and 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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

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.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

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:

Asset class	Depreciation method and rate
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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

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:

Asset class	Amortisation method and rate
Goodwill	10% straight line basis

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. 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 2018

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. 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:

	2018 £	2017 £
Rendering of services	13,013,112	12,340,692

4 Other gains and losses

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

	2018 £	2017 £
Gain (loss) on disposal of property, plant and equipment	32,239	(7,412)

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	319,388	281,451
Amortisation expense	319,578	319,578
Operating lease expense - plant and machinery	11,885	11,950
(Profit)/loss on disposal of property, plant and equipment	(32,239)	7,412

6 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	147	4,297

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	28,915	55,282
Interest on obligations under finance leases and hire purchase contracts	42,451	15,683
Interest expense on other finance liabilities	-	8,861

8 Staff costs

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

	2018 £	2017 £
Wages and salaries	5,527,626	5,271,201
Social security costs	599,518	576,987
Other short-term employee benefits	37,145	33,493
Pension costs, defined contribution scheme	41,228	35,501
Other employee expense	758,675	558,816

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

	2018 No.	2017 No.
Sales, marketing and distribution	232	213

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

9 Directors' remuneration

The directors do not receive any remuneration from the group.

10 Auditors' remuneration

	2018 £	2017 £
Audit of these financial statements	32,355	27,500

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	71,268	228,191
UK corporation tax adjustment to prior periods	(70,792)	(1,188)
	476	227,003
Deferred taxation		
Arising from origination and reversal of timing differences	(9,044)	5,310
Tax (receipt)/expense in the income statement	(8,568)	232,313

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	501,451	762,327
Corporation tax at standard rate	95,276	152,465

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

	2018 £	2017 £
Effect of expense not deductible in determining taxable profit (tax loss)	45,553	7,625
Effect of tax losses	656	-
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(70,486)	152
Tax increase from effect of capital allowances and depreciation	10,149	82,553
Tax increase from other short-term timing differences	-	1,827
Tax decrease arising from group relief	-	(13,776)
Double taxation relief	-	(387)
Tax decrease from effect of adjustment in research and development tax credit	(94,179)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	4,463	1,854
Total tax (credit)/charge	(8,568)	232,313

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2018		
Accelerated capital allowances	-	73,832
Other short term timing differences	345	-
	345	73,832
2017		
Accelerated capital allowances	-	87,211
Other short term timing differences	4,680	-
	4,680	87,211

Company

Deferred tax assets and liabilities

	£	£
2018		
Accelerated capital allowances	-	5,523
Other short term timing differences	304	-
	304	5,523
2017		
Accelerated capital allowances	-	13,807
Other short term timing differences	4,228	-
	4,228	13,807

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

12 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 February 2017	3,797,433	3,797,433
Additions acquired separately	<u>100,000</u>	<u>100,000</u>
At 31 January 2018	<u>3,897,433</u>	<u>3,897,433</u>
Amortisation		
At 1 February 2017	1,441,985	1,441,985
Amortisation charge	<u>319,578</u>	<u>319,578</u>
At 31 January 2018	<u>1,761,563</u>	<u>1,761,563</u>
Carrying amount		
At 31 January 2018	<u>2,135,870</u>	<u>2,135,870</u>
At 31 January 2017	<u>2,355,448</u>	<u>2,355,448</u>

Company

	Goodwill £	Total £
Cost or valuation		
At 1 February 2017	<u>462,656</u>	<u>462,656</u>
At 31 January 2018	<u>462,656</u>	<u>462,656</u>
Amortisation		
At 1 February 2017	<u>462,656</u>	<u>462,656</u>
At 31 January 2018	<u>462,656</u>	<u>462,656</u>
Carrying amount		
At 31 January 2018	<u>-</u>	<u>-</u>

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

13 Tangible assets

Group

Cost or valuation

At 1 February 2017	27,423	1,300,737	1,004,830	2,332,990
Additions	-	102,418	319,165	421,583
Disposals	(27,423)	-	(210,174)	(237,597)

At 31 January 2018

	-	1,403,155	1,113,821	2,516,976
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Depreciation

At 1 February 2017	27,423	895,721	446,866	1,370,010
Charge for the year	-	150,620	168,768	319,388
Eliminated on disposal	(27,423)	-	(173,794)	(201,217)

At 31 January 2018

	-	1,046,341	441,840	1,488,181
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Carrying amount

At 31 January 2018	-	356,814	671,981	1,028,795
At 31 January 2017	-	405,017	557,964	962,981

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

Company	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 February 2017	648,271	353,751	1,002,022
Additions	62,069	120,251	182,320
Disposals	-	(157,340)	(157,340)
At 31 January 2018	710,340	316,662	1,027,002
Depreciation			
At 1 February 2017	442,253	171,988	614,241
Charge for the year	78,615	57,980	136,595
Eliminated on disposal	-	(120,961)	(120,961)
At 31 January 2018	520,868	109,007	629,875
Carrying amount			
At 31 January 2018	189,472	207,655	397,127
At 31 January 2017	206,018	181,763	387,781

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

14 Investments

Group

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) 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	
			2018	2017
Subsidiary undertakings				
Support, Training & Services Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	100%	100%
Simply Safe Worldwide Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	100%	100%
Sound Advice Health & Safety Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales		100%	100%
Safety Compliance Services Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	100%	100%
Occupational Medicals Enterprise Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	75%	75%
ELAS Occupational Health Limited*	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	95.8%	0%
S&ASH Limited	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	100%	95%
Health and Safety Management Consultants Limited	Charles House, Albert Street, Eccles, Manchester, M30 0PW England and Wales	Ordinary	100%	100%

* indicates direct investment of the company

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

Subsidiary undertakings

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

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 ELAS Occupational Health Limited is the provision of occupational health services.

The principal activity of S&ASH Limited is the provision of consultancy services

The principal activity of Health and Safety Management Consultants Limited is health and safety management consultancy services

Company

	2018 £	2017 £
Investments in subsidiaries	4,074,284	4,144,284

Subsidiaries

Cost or valuation

At 1 February 2017	4,144,284
Revaluation	(170,000)
Additions	100,000
At 31 January 2018	4,074,284

Provision

Carrying amount

At 31 January 2018	4,074,284
At 31 January 2017	4,144,284

15 Debtors

	Note	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Trade debtors		1,408,223	1,577,610	578,001	662,881
Amounts owed by related parties	25	-	-	544,602	35,069
Other debtors		933,532	1,011,212	892,111	960,019
Prepayments		187,324	233,503	108,034	137,552
Income tax asset	11	33,028	-	32,512	-
Total current trade and other debtors		2,562,107	2,822,325	2,155,260	1,795,521

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

16 Cash and cash equivalents

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Cash on hand	-	20	-	-
Cash at bank	466,668	483,646	154,683	142,619
	<u>466,668</u>	<u>483,666</u>	<u>154,683</u>	<u>142,619</u>

17 Creditors

		Group		Company	
	Note	2018 £	2017 £	2018 £	2017 £
Due within one year					
Loans and borrowings	23	740,846	687,372	605,548	561,195
Trade creditors		688,768	773,915	518,354	548,798
Amounts due to related parties	25	258,840	393,964	1,337,371	393,964
Social security and other taxes		587,037	717,524	335,933	453,156
Outstanding defined contribution pension costs		7,511	14,356	3,205	9,818
Other payables		467,386	436,434	314,193	267,746
Accruals		736,564	729,345	511,392	508,843
Income tax liability	11	100,032	222,348	-	190,259
		<u>3,586,984</u>	<u>3,975,258</u>	<u>3,625,996</u>	<u>2,933,779</u>
Due after one year					
Loans and borrowings	23	567,144	1,110,825	417,814	988,361

18 Deferred tax and other provisions

Group

	Deferred tax £	Other provisions £	Total £
At 1 February 2017	82,531	-	82,531
Additional provisions	(9,044)	15,000	5,956
At 31 January 2018	<u>73,487</u>	<u>15,000</u>	<u>88,487</u>

Company

	Deferred tax £	Total £
At 1 February 2017	9,579	9,579
Increase (decrease) in existing provisions	(4,360)	(4,360)
At 31 January 2018	<u>5,219</u>	<u>5,219</u>

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

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 £41,228 (2017 - £35,502).

Contributions totalling £7,511 (2017 - £14,356) 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

	2018		2017	
	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 2018

22 Minority interests

The minority interests relate to:

Support, Training & Services Limited of which 0% (2017 - 0%) of the voting rights are held outside of the group.

Simply Safe Worldwide Limited of which 0% (2017 - 0%) of the voting rights are held outside of the group.

Sound Advice Health & Safety Limited of which 0% (2017 - 0%) of the voting rights are held outside of the group.

Safety Compliance Services Limited of which 0% (2017 - 0%) of the voting rights are held outside of the group.

Occupational Medicals Enterprise Limited of which 25% (2017 - 25%) of the voting rights are held outside of the group.

ELAS Occupational Health Limited of which 4.2% (2017 - 0%) of the voting rights are held outside of the group.

S&ASH Limited of which 0% (2017 - 5%) of the voting rights are held outside of the group.

Health and Safety Management Consultants Limited of which 0% (2017 - 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 2018

23 Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	375,265	918,606	375,265	918,606
Finance lease liabilities	191,879	192,219	42,549	69,755
	<u>567,144</u>	<u>1,110,825</u>	<u>417,814</u>	<u>988,361</u>

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Current loans and borrowings				
Bank borrowings	543,342	543,342	543,342	543,342
Finance lease liabilities	197,504	144,030	62,206	17,853
	<u>740,846</u>	<u>687,372</u>	<u>605,548</u>	<u>561,195</u>

24 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	284,412	254,426
Later than one year and not later than five years	935,198	910,764
	<u>1,219,610</u>	<u>1,165,190</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £325,998 (2017 - £264,582).

Company

Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Not later than one year	268,717	249,678
Later than one year and not later than five years	931,460	905,620
	<u>1,200,177</u>	<u>1,155,298</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £323,982 (2017 - £259,767).

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

25 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 £258,840 (2016 - £393,964). This loan is interest free, unsecured and repayable on demand.

During the year Ian Martin purchased a motorcycle owned by the company at its net book value of £7,904.

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 (2017 - £590,083). 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 £540,000 (2017 - £455,000). At the balance sheet date the amount due from Martin Hewitt Enterprises Logistics Limited was £295,450 (2017 - £295,450). This loan is interest free, and is considered repayable on demand.

26 Financial instruments

Group

Categorisation of financial instruments

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost	2,374,783	2,588,823
	<u>2,374,783</u>	<u>2,588,823</u>
Financial liabilities measured at amortised cost	(3,764,745)	(4,749,835)
	<u>(3,764,745)</u>	<u>(4,749,835)</u>

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2018

Company

Categorisation of financial instruments

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost	1,502,624	(1,622,900)
	<u>1,502,624</u>	<u>(1,622,900)</u>
Financial liabilities measured at amortised cost	(3,939,055)	(3,834,532)
	<u>(3,939,055)</u>	<u>(3,834,532)</u>

27 Parent and ultimate parent undertaking

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