

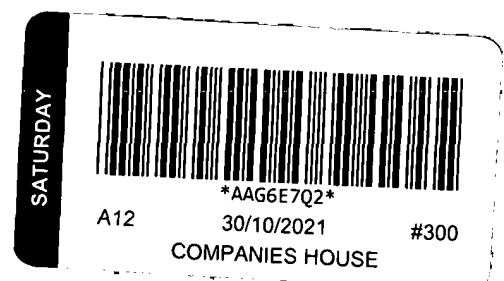
Registration number: 03041461

Employment Law Advisory Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 January 2021

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 8
Consolidated Income Statement	9
Consolidated Statement of Financial Position	10
Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 to 31

Employment Law Advisory Services Limited

Company Information

Directors

C P Morris

E Wann

Registered office

Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR

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 2021

The directors present their strategic report for the year ended 31 January 2021.

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 £1,382,242 (2020: £471,456).

The Group throughout the year, continued its strategic model of strengthening operational efficiencies and systems improvement despite the significant impact on trading activity because of the Covid 19 pandemic. This has resulted in operating profit of £1,418,578 (2020: £495,247).

The trading activity during the year was severely impacted by the Covid 19 pandemic but because of Government intervention and support by the use of the Furlough Scheme, it managed to maintain its Going Concern status and in the areas that it was able to continue trading in, performed strongly.

This "investment for the future" policy that the Group had embarked on during the previous two years to gain competitive advantage in the marketplace resulted in the Company being approached by Citation Group to acquire the business. The directors took the decision in March 2021 to accept an offer and the company was acquired by the Group.

The Industrial Diagnostics Company Limited which was acquired in February 2020 with the purchase of a 51% shareholding by Employment Law Advisory Services Limited has been an excellent addition to the ELAS Group of Companies and has a significant impact within the Group during the year despite the difficult trading conditions experienced.

Since the balance sheet date, the Group has performed strongly and has been able to service many of its clients and despite the impact of COVID-19 restrictions and lockdowns, the business has been able to function and trade with cash flow not being impacted.

Employment Law Advisory Services Limited

Strategic Report for the Year Ended 31 January 2021

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, over the past three years the group has taken the decision to invest in its business management systems, which have meant an increase in additional costs during these years. The directors believe that the incurrence of these costs to enhance improvements to the business management systems, have been totally vindicated and will provide a 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 £617,500 (2020: £28,318) which at the date of acquisition were fully repaid.

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 29 October 2021 and signed on its behalf by:



.....
E Wann
Director

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 January 2021

The directors present their report and the for the year ended 31 January 2021.

Directors of the group

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

I J Martin (resigned 31 March 2021)

A G Hewitt (resigned 31 March 2021)

The following directors were appointed after the year end:

C P Morris (appointed 31 March 2021)

E Wann (appointed 31 March 2021)

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 29 October 2021 and signed on its behalf by:



.....
E Wann
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 2021, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Employment Law Advisory Services Limited

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

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.

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

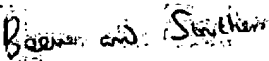
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

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



.....
Iain Round BSc FCA (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

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

29 October 2021

Employment Law Advisory Services Limited

Consolidated Income Statement for the Year Ended 31 January 2021

	Note	2021 £	2020 £
Turnover	3	14,195,264	13,655,438
Cost of sales		<u>(7,433,100)</u>	<u>(6,057,769)</u>
Gross profit		6,762,164	7,597,669
Administrative expenses		<u>(7,157,342)</u>	<u>(7,102,422)</u>
Other operating income		<u>1,813,756</u>	<u>-</u>
Operating profit	4	<u>1,418,578</u>	<u>495,247</u>
Other interest receivable and similar income	5	31	34
Amounts written off investments		-	(5,000)
Interest payable and similar expenses	6	<u>(36,367)</u>	<u>(18,825)</u>
		<u>(36,336)</u>	<u>(23,791)</u>
Profit before tax		1,382,242	471,456
Tax on profit	9	<u>(369,597)</u>	<u>(17,388)</u>
Profit for the financial year		<u>1,012,645</u>	<u>454,068</u>
Profit/(loss) attributable to:			
Owners of the company		1,055,830	557,968
Minority interests		<u>(43,185)</u>	<u>(103,900)</u>
		<u>1,012,645</u>	<u>454,068</u>

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

Employment Law Advisory Services Limited

(Registration number: 03041461)

Consolidated Statement of Financial Position as at 31 January 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	800,924	1,503,214
Tangible assets	11	1,548,252	1,255,794
Investments	12	-	41,268
		<u>2,349,176</u>	<u>2,800,276</u>
Current assets			
Stocks	13	43,546	-
Debtors	14	3,044,577	1,897,268
Cash at bank and in hand		<u>1,544,077</u>	<u>113,799</u>
		4,632,200	2,011,067
Creditors: Amounts falling due within one year	16	<u>(3,548,375)</u>	<u>(2,880,297)</u>
Net current assets/(liabilities)		<u>1,083,825</u>	<u>(869,230)</u>
Total assets less current liabilities		3,433,001	1,931,046
Creditors: Amounts falling due after more than one year	16	(773,097)	(258,073)
Provisions for liabilities	17	<u>(129,922)</u>	<u>(108,928)</u>
Net assets		<u>2,529,982</u>	<u>1,564,045</u>
Capital and reserves			
Called up share capital	19	2	2
Profit and loss account	20	<u>2,593,757</u>	<u>1,657,354</u>
Equity attributable to owners of the company		2,593,759	1,657,356
Minority interests		<u>(63,777)</u>	<u>(93,311)</u>
Total equity		<u>2,529,982</u>	<u>1,564,045</u>

Approved and authorised by the Board on 29 October 2021 and signed on its behalf by:



E Wann
Director

The notes on pages 14 to 31 form an integral part of these financial statements.

Employment Law Advisory Services Limited

(Registration number: 03041461)

Statement of Financial Position as at 31 January 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	369,217	490,049
Investments	12	6,002,536	3,945,554
		<u>6,371,753</u>	<u>4,435,603</u>
Current assets			
Debtors	14	2,875,942	2,040,771
Cash at bank and in hand		422,525	37,353
		<u>3,298,467</u>	<u>2,078,124</u>
Creditors: Amounts falling due within one year	16	<u>(4,326,131)</u>	<u>(3,655,794)</u>
Net current liabilities		<u>(1,027,664)</u>	<u>(1,577,670)</u>
Total assets less current liabilities		5,344,089	2,857,933
Creditors: Amounts falling due after more than one year	16	<u>(645,498)</u>	<u>(88,205)</u>
Net assets		<u>4,698,591</u>	<u>2,769,728</u>
Capital and reserves			
Called up share capital	19	2	2
Profit and loss account		<u>4,698,589</u>	<u>2,769,726</u>
Shareholders' funds		<u>4,698,591</u>	<u>2,769,728</u>

The company made a profit after tax for the financial year of £1,928,863 (2020 - profit of £1,081,522).

Approved and authorised by the Board on 29 October 2021 and signed on its behalf by:



E Wann
Director

The notes on pages 14 to 31 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 2021
Equity attributable to the parent company

	Share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2020	2	1,657,354	1,657,356	(93,311)	1,564,045
Profit/(loss) for the year	-	1,055,830	1,055,830	(43,185)	1,012,645
Total comprehensive income	-	1,055,830	1,055,830	(43,185)	1,012,645
Dividends	-	(46,708)	(46,708)	-	(46,708)
Increase in ownership interests in subsidiaries	-	(72,719)	(72,719)	72,719	-
At 31 January 2021	2	2,593,757	2,593,759	(63,777)	2,529,982
	Share capital £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 February 2019	2	2,264,386	2,264,388	10,589	2,274,977
Profit/(loss) for the year	-	557,968	557,968	(103,900)	454,068
Total comprehensive income	-	557,968	557,968	(103,900)	454,068
Dividends	-	(1,165,000)	(1,165,000)	-	(1,165,000)
At 31 January 2020	2	1,657,354	1,657,356	(93,311)	1,564,045

The notes on pages 14 to 31 form an integral part of these financial statements.
Page 12

Employment Law Advisory Services Limited

Consolidated Statement of Cash Flows for the Year Ended 31 January 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		1,012,645	454,068
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	684,112	662,406
Loss on disposal of tangible assets		2,672	4,356
Finance income	5	(31)	(34)
Finance costs	6	36,367	18,825
Income tax expense	9	369,597	17,388
		<u>2,105,362</u>	<u>1,157,009</u>
Working capital adjustments			
Increase in stocks	13	(43,546)	-
(Increase)/decrease in trade debtors	14	(969,933)	252,174
Increase in trade creditors	16	302,816	289,133
Cash generated from operations		1,388,199	1,698,316
Income taxes paid	9	(99,754)	(96,520)
Net cash flow from operating activities		<u>1,288,445</u>	<u>1,601,796</u>
Cash flows from investing activities			
Interest received		31	34
Acquisitions of tangible assets		(745,116)	(529,874)
Proceeds from sale of tangible assets		76,975	36,712
Acquisition of intangible assets	10	432,457	-
Acquisition of investments	12	-	(41,268)
Net cash flows from investing activities		<u>(235,653)</u>	<u>(534,396)</u>
Cash flows from financing activities			
Interest paid	6	(36,367)	(18,825)
Proceeds from bank borrowing draw downs		589,182	(345,404)
Payments to finance lease creditors		(128,621)	98,683
Dividends paid		(46,708)	(1,165,000)
Net cash flows from financing activities		<u>377,486</u>	<u>(1,430,546)</u>
Net increase/(decrease) in cash and cash equivalents		1,430,278	(358,146)
Cash and cash equivalents at 1 February		<u>113,799</u>	<u>476,945</u>
Cash and cash equivalents at 31 January		<u>1,544,077</u>	<u>113,799</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

1 General information

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

These financial statements were authorised for issue by the Board on 29 October 2021.

The address of its registered office is:

Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR
United Kingdom

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.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 January 2021.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £1,928,863 (2020 - profit of £1,081,522).

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

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 group will continue to meet its liabilities as they fall due.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

Judgements

Determination of whether there are indicators of impairment of the group's tangible fixed assets. Factors taken into consideration include the economic viability and expected future financial performance of the asset.

Determination of whether leases entered into by the group as lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determination of the recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not considered to be fully recoverable.

Key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying amount is £1,548,252 (2020 -£1,255,794).

Recovery of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not considered to be fully recoverable. The carrying amount is £181,676 (2020 -£144,942).

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 group.

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.

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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

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

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:

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

Investments

Fixed asset investments are initially recorded at cost and subsequently stated at cost less any accumulated impairment losses.

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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

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.

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.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

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:

	2021	2020
	£	£
Rendering of services	14,195,264	13,655,438

4 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	414,279	351,328
Amortisation expense	269,833	311,078
Operating lease expense - plant and machinery	3,585	241
Loss on disposal of property, plant and equipment	2,672	4,356

5 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	31	34

6 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	26,812	9,197
Interest on obligations under finance leases and hire purchase contracts	9,555	9,628
	36,367	18,825

7 Directors' remuneration

The directors do not receive any remuneration from the group.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

8 Auditors' remuneration

	2021 £	2020 £
Audit of these financial statements	45,000	40,100

9 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	416,125	-
UK corporation tax adjustment to prior periods	(36,558)	-
	379,567	-
Deferred taxation		
Arising from origination and reversal of timing differences	(9,970)	17,388
Tax expense in the income statement	369,597	17,388

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	1,382,242	471,456
Corporation tax at standard rate	262,626	89,577
Effect of expense not deductible in determining taxable profit (tax loss)	(41,135)	(64,671)
Effect of tax losses	-	524
Tax decrease from effect of capital allowances and depreciation	(2,584)	(5,509)
Tax increase/(decrease) arising from group relief	1,655	(2,551)
Other tax effects for reconciliation between accounting profit and tax expense (income)	149,035	18
Total tax charge	369,597	17,388

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated capital allowances	-	119,231
Other short term timing differences	1,433	-
	<u>1,433</u>	<u>119,231</u>
2020	£	£
Accelerated capital allowances	-	105,869
Other short term timing differences	2,169	-
	<u>2,169</u>	<u>105,869</u>

Company

Deferred tax assets and liabilities

2021	£
Accelerated capital allowances	7,217
Other short term timing differences	<u>1,220</u>
	<u>8,437</u>
2020	£
Accelerated capital allowances	1,720
Other short term timing differences	<u>1,339</u>
	<u>3,059</u>

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

10 Intangible assets

Group

	Goodwill £	Total £
Cost or valuation		
At 1 February 2020	3,897,433	3,897,433
Additions acquired separately	(432,457)	(432,457)
Disposals	(657,526)	(657,526)
At 31 January 2021	<u>2,807,450</u>	<u>2,807,450</u>
Amortisation		
At 1 February 2020	2,394,219	2,394,219
Amortisation charge	269,833	269,833
Amortisation eliminated on disposals	(657,526)	(657,526)
At 31 January 2021	<u>2,006,526</u>	<u>2,006,526</u>
Carrying amount		
At 31 January 2021	<u>800,924</u>	<u>800,924</u>
At 31 January 2020	<u>1,503,214</u>	<u>1,503,214</u>

Company

	Goodwill £	Total £
Cost or valuation		
At 1 February 2020	<u>426,656</u>	<u>426,656</u>
At 31 January 2021	<u>426,656</u>	<u>426,656</u>
Amortisation		
At 1 February 2020	<u>426,656</u>	<u>426,656</u>
At 31 January 2021	<u>426,656</u>	<u>426,656</u>
Carrying amount		
At 31 January 2021	<u>-</u>	<u>-</u>
At 31 January 2020	<u>-</u>	<u>-</u>

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

11 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2020	-	1,682,391	1,539,896	3,222,287
Additions	4,798	59,056	211,784	275,638
Acquired through business combinations	299,194	147,006	23,278	469,478
Disposals	-	-	(182,459)	(182,459)
At 31 January 2021	303,992	1,888,453	1,592,499	3,784,944
Depreciation				
At 1 February 2020	-	1,308,321	658,172	1,966,493
Charge for the year	7,680	157,010	249,589	414,279
Eliminated on disposal	-	-	(144,080)	(144,080)
At 31 January 2021	7,680	1,465,331	763,681	2,236,692
Carrying amount				
At 31 January 2021	296,312	423,122	828,818	1,548,252
At 31 January 2020	-	374,069	881,725	1,255,794

Included within the net book value of £1,548,252 is £294,295 (2020: £628,227) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in respect of such assets amounted to £98,099 (2020: £145,832).

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

Company

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 February 2020	938,277	362,722	1,300,999
Additions	44,282	-	44,282
Disposals	-	(51,513)	(51,513)
At 31 January 2021	<u>982,559</u>	<u>311,209</u>	<u>1,293,768</u>
Depreciation			
At 1 February 2020	677,547	133,399	810,946
Charge for the year	88,483	50,896	139,379
Eliminated on disposal	-	(25,774)	(25,774)
At 31 January 2021	<u>766,030</u>	<u>158,521</u>	<u>924,551</u>
Carrying amount			
At 31 January 2021	<u>216,529</u>	<u>152,688</u>	<u>369,217</u>
At 31 January 2020	<u>260,726</u>	<u>229,323</u>	<u>490,049</u>

Included within the net book value of £369,217 is £100,649 (2020: £215,475) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in respect of such assets is £33,550 (2020: £51,713).

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

12 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	
			2021	2020
Subsidiary undertakings				
Support, Training & Services Limited*	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	100%	100%
Simply Safe Worldwide Limited*	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	100%	100%
Occupational Medicals Enterprise Limited*	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	100%	75%
S&ASH Limited	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	100%	100%
ELAS Occupational Health Limited*	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	95%	95%
Health and Safety Management Consultants Limited	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	100%	100%
The Industrial Diagnostics Company Limited*	Kings Court, Water Lane, Wilmslow, Cheshire, United Kingdom, SK9 5AR England and Wales	Ordinary	51%	0%
Patient Diagnostics Services Limited*	Charles House, Albert Street, Eccles, Manchester, United Kingdom, M30 0PW England and Wales	Ordinary	100%	0%

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

* indicates direct investment of the company

Subsidiary undertakings

Support, Training & Services Limited

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

Simply Safe Worldwide Limited

The principal activity of Simply Safe Worldwide Limited is environmental consultancy

Occupational Medicals Enterprise Limited

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

S&ASH Limited

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

ELAS Occupational Health Limited

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

Health and Safety Management Consultants Limited

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

The Industrial Diagnostics Company Limited

The principal activity of The Industrial Diagnostics Company Limited is the provision of industrial hearing and health services.

Patient Diagnostics Services Limited

The principal activity of Patient Diagnostics Limited is the provision of specialist medical services.

Sound Advice Health & Safety Limited

Sound Advice Health & Safety Limited is dormant.

Company

	2021 £	2020 £
Investments in subsidiaries	6,002,536	3,945,554
Subsidiaries		£
Cost or valuation		
At 1 February 2020		3,945,554
Additions		2,056,982
At 31 January 2021		6,002,536
Carrying amount		
At 31 January 2021		6,002,536
At 31 January 2020		3,945,554

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

13 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Raw materials and consumables	43,546	-	-	-

14 Debtors

	Note	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade debtors		2,498,415	1,188,155	491,726	547,811
Amounts owed by related parties	24	-	228,575	2,116,347	1,109,010
Other debtors		44,095	314,913	-	273,540
Prepayments		489,943	159,802	259,432	107,351
Deferred tax assets	9	12,124	5,823	8,437	3,059
Total current trade and other debtors		3,044,577	1,897,268	2,875,942	2,040,771

15 Cash and cash equivalents

	Group 2021 £	2020 £	Company 2021 £	2020 £
Cash on hand	799	-	-	-
Cash at bank	1,543,278	113,799	422,525	37,353
	1,544,077	113,799	422,525	37,353

16 Creditors

	Note	Group 2021 £	2020 £	Company 2021 £	2020 £
Due within one year					
Loans and borrowings	22	223,471	277,934	33,820	87,005
Trade creditors		835,007	656,653	464,019	492,011
Amounts due to related parties	24	167,772	70,025	2,410,127	2,272,352
Social security and other taxes		944,494	941,300	407,600	115,393
Outstanding defined contribution pension costs		18,885	27,587	18,885	17,375
Other payables		447,729	468,734	260,604	284,070
Accruals		625,809	401,506	512,649	354,124
Corporation tax liability	9	285,208	36,558	218,427	33,464
		3,548,375	2,880,297	4,326,131	3,655,794

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

	Note	Group 2021 £	2020 £	Company 2021 £	2020 £
Due after one year					
Loans and borrowings	22	773,097	258,073	645,498	88,205

17 Deferred tax and other provisions

Group

	Deferred tax £	Total £
At 1 February 2020	108,928	108,928
Additional provisions	20,944	20,944
At 31 January 2021	129,922	129,922

18 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 £139,523 (2020 - £124,852).

Contributions totalling £18,885 (2020 - £27,587) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2021 No.	£	2020 No.	£
Ordinary shares of £1 each	2	2	2	2

20 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 2021

21 Minority interests

The minority interests relate to:

Occupational Medicals Enterprise Limited of which 0% (2020 - 25%) of the voting rights are held outside of the group.

ELAS Occupational Health Limited of which 5% (2020 - 5%) of the voting rights are held outside of the group.

The Industrial Diagnostics Company Limited of which 49% (2020 - 0%) of the voting rights are held outside of the group.

22 Loans and borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Non-current loans and borrowings				
Bank borrowings	617,500	-	617,500	-
HP and finance lease liabilities	155,597	258,073	27,998	88,205
	<u>773,097</u>	<u>258,073</u>	<u>645,498</u>	<u>88,205</u>

	Group 2021 £	2020 £	Company 2021 £	2020 £
Current loans and borrowings				
Bank borrowings	-	28,318	-	28,318
HP and finance lease liabilities	223,471	249,616	33,820	58,687
	<u>223,471</u>	<u>277,934</u>	<u>33,820</u>	<u>87,005</u>

The bank loans are secured by a debenture creating a fixed and floating charge over the assets of the company and legal charges over the company's freehold properties. The bank loans bear interest at 2.75% above LIBOR.

The finance lease liabilities are secured on the assets to which they relate.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

23 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	333,987	353,185
Later than one year and not later than five years	901,347	365,553
Later than five years	853,200	-
	<u>2,088,534</u>	<u>718,738</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	302,287	324,809
Later than one year and not later than five years	879,097	338,828
Later than five years	853,200	-
	<u>2,034,584</u>	<u>663,637</u>

24 Related party transactions

Mr A G Hewitt and Mr I J Martin

(The former directors and shareholders of the company)

The directors provide the company with working capital. At the balance sheet date, no monies were due to the directors at the balance sheet date as all monies had been repaid during the year (2020 - £70,936).

MHE Investments Limited

(Company formerly under common control)

The company made payment of £456,689 (2020 - £748,035) during the year to MHE Investments Limited for rent, management charges and utilities. At the balance sheet date the amount due from MHE Investments Limited was £150,723. In 2020, the amount of monies owed to ELAS amounted to £204,884. (2019 - £759,564).

Essential Solicitors LLP

(A Limited Liability Partnership in which AG Hewitt and I J Martin are members)

The company made payment of £145,000 (2020: £134,301) during the year to Essential Solicitors LLP for legal services. At the balance sheet date, the amount due from Essential Solicitors LLP was £606. In 2020, the amount owed to Essential Solicitors LLP was £1,146.

Employment Law Advisory Services Limited

Notes to the Financial Statements for the Year Ended 31 January 2021

25 Parent and ultimate parent undertaking

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

Up to 30 March 2021 the ultimate controlling party of the Company was the directors at that point in time by virtue of 100% ownership of the share capital of Employment Law Advisory Services Limited.

Subsequently, on 31 March 2021, the entire share capital of Employment Law Advisory Services Limited was acquired by Citation Limited.

The ultimate parent undertakings and controlling parties at 31 January 2021 are Rocket Aggregator L.P. incorporated in Canada and HGC Capital 8 Nominees Limited.