

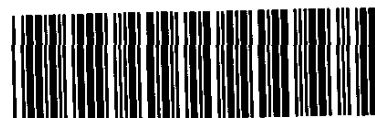
Registration number: 03041461

Employment Law Advisory Services Limited

Report and Unaudited Financial Statements

For the Year Ended 31 December 2022

WEDNESDAY



ACIA2I3C

A17

13/12/2023

#180

COMPANIES HOUSE

Employment Law Advisory Services Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 7
Statement of Directors' Responsibilities	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 to 26

Employment Law Advisory Services Limited

Company Information

Directors	C P Morris
	E Wann
	M H Stewart
Registered office	Kings Court Water Lane Wilmslow Cheshire SK9 5AR

Employment Law Advisory Services Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their Strategic Report for the year ended 31 December 2022.

Principal activity and business review

The principal activity of the Company is the provision of tech-enabled Compliance Solutions, being the provision of Human Resources, Employment Law and Health and Safety services, to small and medium sized businesses in the United Kingdom.

The Company achieved turnover for the year of £5,358,098 (11 months ended 31 January 2021: £7,455,129) and recorded a profit before taxation of £2,804,096 (11 months ended 31 January 2021: Loss of £1,721,277).

On 28 October 2022, the Company sold the trade and assets of its Occupational Health division to ELAS Occupational Health, its 100% owned subsidiary, as part of an internal group reorganisation. The transactions had an effective date of 31 July 2022.

The results for the year are set out on page 9 of the financial statements.

Principal risks and uncertainties

The risks below are the principal risks that may impact the Company achieving its strategic objectives.

Company specific and market risks

Since acquisition by Citation Limited, the Group's strategy has been to renew existing clients on contracts with Citation Limited rather than the Company. This process is expected to continue over the next 12 months and beyond.

Changes in legislation

Changes in legislation have a significant impact on the Company through updates to client information and the requirement to ensure that all company staff maintain their comprehensive knowledge of the regulations that could affect clients.

Liquidity risk

The Board reviews the Company's liquidity risks both bi-annually, as part of the planning and budgeting process, and on an ad-hoc basis to ensure the Company can access sufficient cash resources to meet covenant and funding requirements and liabilities as they fall due. This includes access to, and support from, a centralised treasury arrangement with all companies in the Group headed by Rocket Topco Limited. The Group maintains access to a number of sources of funding which are sufficient to meet anticipated funding requirements. Short-term and long-term cash flow forecasts are regularly performed and reported to the Board. Utilisation and headroom of facilities are reported to the Board monthly. The Company's finance team monitor cash positions and this is reported to the Senior Management Team and the Group finance team on a weekly basis.

Credit risk

The Company is exposed to credit risk on financial assets to the extent that it is owed trade and other receivables from customers. Trade receivable exposures are managed in-house by the Group's central credit control function and through specialist debt recovery lawyers. At risk customers are reported to the Senior Management Team on an ad-hoc basis and action is taken swiftly to reduce risk through measures such as agreeing payment plans with customers. When debt is deemed irrecoverable overdue invoices and any related accrued income balance is written off against the relevant underlying provisions.

Interest rate risk

The Company is not exposed to significant interest risk. The Group has long-term interest-bearing liabilities of which some are subject to variable interest rates and the Group mitigates this risk by monitoring SONIA and taking out interest rate hedges where appropriate.

Employment Law Advisory Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Brexit risk

The Directors have considered the impact of Brexit on the Company and consider the risk to be minimal. This is due to the Company having a diversified portfolio of clients and sales predominantly being to UK-based businesses.

Cyber Risk

The Company is at risk of a cyber-attack given that it delivers its service offering alongside technology-based platforms. Failure to prevent a cyber-attack or data breach could negatively impact the Company's customer and employee data, financial reporting systems and stakeholder confidence and could ultimately result in fines levied by ICO. The business continues to proactively manage risks associated with data loss, GDPR non-compliance and data control weaknesses and has hired Data Protection Officers who have introduced data security training programmes for the Company's employees and are undertaking a full review of the Company's IT structure, systems and procedures to ensure they are fit for purpose.

Climate Risk

The Company has considered the impact of climate change and considers the risk to be minimal given the nature of the Company's services. The regulatory burden on small and medium sized businesses both domestically and internationally will remain, and indeed likely increase, as the increasing impact of climate change is felt across the globe. The Company also has a widespread geographical presence and can deliver its services remotely, alongside a hybrid working model for employees, therefore it is deemed trading would not be significantly hindered by travel restrictions or climate related disasters. Further, the Company has no significant manufacturing or storage facilities. The Company recognises the importance of issues such as climate change and energy consumption, and that increasing environmental regulation will continue to be a trend going forward. The Company continues to look for ways to minimise its impact on the environment.

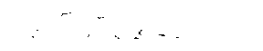
Covid-19 risk

The Company is conscious of the legacy of the impact of Covid-19, including the impact of moving to a hybrid working model. The Company keeps in close communication with all of its employees and continually reviews policies and procedures to ensure it safeguards employee's wellbeing. For those occasions where employees do work from the office the Company has taken appropriate actions to ensure its employees remain safe at all times.

Other Risks

The Company has considered the impact of the war in Ukraine and the rising cost of living crisis within the UK and considers these risks to be minimal. This is due to the Company predominantly trading with customers based in the UK and the Company's largely technology-based offering which is not reliant on supply chains that could potentially be cut-off. Whilst the Company acknowledges that the continued unrest in Ukraine could lead to increased prices, particularly fuel, this is not deemed to have a significant impact on the Company due to the nature of its cost base and due to the Company being able to mitigate an increasing cost base through price rises on its own products and encouraging remote delivery of services and a hybrid working model for employees.

This report was approved by the Board on 8 August 2023 and signed on its behalf by:


.....
E Wann
Director

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £2,982,952 (11 months to 31 December 2021: Loss of £1,903,004).

The Directors do not recommend a final dividend (2021: £nil).

Directors of the Company

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

C P Morris

E Wann

The following director was appointed after the year end:

M H Stewart (appointed 2 August 2023)

Indemnity provision for directors

During the year the Company had third party indemnity insurance for the Directors and Officers. This insurance remains in force as at the date of approving the Directors' report.

Covid-19 update

In March 2020, the World Health Organisation classified the outbreak of Covid-19 as a global pandemic and the UK was sent into a nationwide lockdown, which continued in various guises during the course of 2021.

Having already revisited its strategy in 2020, primarily through a combination of the use of the Government's furlough scheme, deferral of HMRC payments, and migration to work from home and remote servicing of clients' models, and with the recovery of new business to pre-Covid levels by the start of 2021, the Company continued to successfully navigate the impact of the pandemic throughout 2021. The Company continued to deliver quality services and products to clients and continued to benefit from opportunities to bring new products to market including tailored advice.

Restrictions in the UK continued to ease throughout 2021, lifting fully in early 2022, and therefore have not affected the Group's ability to service existing clients, win new business, grow via acquisition, or implement the long-term business strategy.

Environmental matters

The Group is committed to minimising the environmental impact of its activities, products and services. The Board regularly evaluates the Group's policies in order to ensure compliance with relevant environmental legislation, regulations and other environmental requirements is maintained. This includes conducting annual ESG maturity assessments and the Group is in the process of setting science-based targets to determine a timescale for achieving Net Zero by 2035 alongside signing up to SBTi to aid the setting of science-based targets to achieve this objective. The Group has recently undertaken a Climate Risk Assessment and collected data to measure the movement in Greenhouse Gas Emissions over a 3-year period. This exercise demonstrated that, as a result of the environmental and energy efficiency initiatives listed below, the Group reduced its emissions by 4%, despite increasing in size due to organic growth and acquisitions, over the period in question.

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Environmental and energy efficiency initiatives undertaken in the year include:

- Reduction in employee travel through remote selling to and servicing of clients and the use of a hybrid working from home model for employees;
- Minimisation of waste through prevention, re-use and recycling such as use of a recycling company for office waste and replacing of plastic milk bottles for glass;
- A movement towards working with environmentally responsible suppliers;
- Planting a tree for each new joiner to the Group's employee base;
- Reduction in printing;
- Full year effect in 2022 of the prior year office closures and closure of one office in 2022;
- Raising awareness of the Cycle to Work scheme throughout the Group and encouraging uptake of the scheme;
- Establishment of environmental committees throughout the Group and empowering colleagues to make changes both small and large to increase energy efficiency.

Going concern

After preparing projections to 31 October 2024 the directors have assessed the need for continued financial support. The Company is reliant on financial support from its parent company who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' report including the actions taken to mitigate the impact of Covid-19.

The Group participates in a centralised treasury arrangement and so shares banking arrangements with all companies in the Rocket Topco Limited Group. There is no external debt or covenants in place at the subsidiary level. The Group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. The Group restructured its funding arrangements in prior years as part of the sale of the Group of companies formerly headed by Citation Topco Limited on 15 September 2020. Further changes to the Group's funding arrangements were agreed in the year and post year end, to provide the Group with additional facilities and cash headroom. Following the Group's refinancing subsequent to the year end, the Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement. Throughout the review period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its liabilities as they fall due, including interest payments, and complies with its financial covenant.

In assessing the going concern assumption for these financial statements, the Directors have prepared a base case cash flow and profit forecast to 31 October 2024 to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due.

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

As forecasting is inherently difficult in the current environment, and revenues can be potentially impacted by external factors, the Directors have applied sensitivities to the base case, challenging the forecasted values by incorporating severe but plausible downside scenarios which include:

- A 15% reduction in the existing contracted client base including a 20% decrease in take-up on customer renewals; together with
- An average fall of new business across the forecast period of 50% against baseline budgeted growth; and
- A stepped increase up to 5% on the unhedged portion of interest charged on the Group's borrowings.

The Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement. Throughout the period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its liabilities as they fall due, including interest payments, and complies with its financial covenant.

The Directors are therefore satisfied they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to 31 October 2024.

The key factors supporting this are:

- The Group has a contracted and recurring revenue base which is not reliant on any one sector, making the business more resilient to demand shocks. The Group's business has grown since the outbreak of Covid-19 in the UK and Australia and New Zealand with new business across all divisions having returned to pre-Covid levels or above before the end of 2021.
- With Group cash at the end of 2022 of £18,841,000 and a £32,000,000 undrawn revolving credit Facility the Group had sufficient liquidity at the start of 2023 for the period ahead.
- Only interest repayments are required to be made until the maturity of the bank debt in 2027.

Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees. This is done via a monthly Group-wide business brief headed up by a member of the Local Board or Group Board. A heavy emphasis is placed on providing a rewarding and fair environment in which employees can come to work and produce their best results which was recognised when Citation Limited was awarded a place in The Sunday Times 100 Best Companies to work for in 2020. The Group measures employee engagement using the robust measure of the Gallup Q12 and places in the top quartile in the UK for employee engagement. All of the Group's qualified employees receive regular and funded CPD. The Group has development schemes in place to take entry level recruits through professional qualifications and as part of a Health and Safety development programme has successfully trained and developed 50 recruits to achieve a nationally recognised qualification across H&S. The Group has launched similar programmes across Human Resources, Employment Law, Finance and Fire Safety. In 2021 the Group launched a Sales Academy and Leadership Development Programme and alongside mandatory training schemes for fire marshals and first aid over 20 colleagues have trained as Mental Health First Aiders. In addition, a number of colleagues have undertaken apprenticeship schemes.

Disabled employees

Disabled employees are given full and fair consideration for all types of vacancy. Should an existing employee become disabled, such steps as are practical and reasonable are taken to retain him or her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Employment Law Advisory Services Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Financial instruments

The Company's main financial instruments are cash and inter-group receivables and payables carried at amortised cost. The Company does not use derivative financial instruments.

Corporate social responsibility

The Company is committed to taking its corporate social responsibilities very seriously and includes social and environmental issues at the heart of all decision-making processes. As the Group continues to grow, it is always looking for ways to increase efficiencies. The Group continues to maintain the ISO 9001 standard from the British Standards Institute, which demonstrates commitment to quality and improved performance.

Future developments

The Company is continuing with its strategy of renewing existing clients on contracts with Citation Limited rather than the Company.

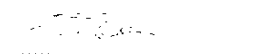
Political donations

The Company made no political contributions during the year (2021: £nil).

Post balance sheet events

On 17 April 2023, the Company disposed of the following subsidiaries, which provided Occupational Health services, to an independent third party: The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited, ELAS Occupational Health Limited & its subsidiaries S&ASH Ltd and Health and Safety Management Consultants Limited. The total purchase price was £9,585,000 split by an initial cash consideration of £4,725,000 less costs to sell of £302,000 and £4,859,000 in relation to a vendor loan note issued to the purchaser. The vendor loan note carries an interest rate of 7% for the first 12 months and 8% thereafter, with an additional exit fee due at redemption or repayment, and is repayable in full by the purchaser on the maturity date of 17 April 2025.

This report was approved by the Board on 8 August 2023 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company financial statements and then 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employment Law Advisory Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

		Year ended 31 December 2022 £	11 months ended 31 December 2021 £
Turnover	3	5,358,098	7,455,129
Cost of sales		<u>(1,012,682)</u>	<u>(2,549,026)</u>
Gross profit		4,345,416	4,906,103
Administrative expenses	4	(1,540,212)	(7,056,000)
Other operating income	4	<u>-</u>	<u>432,903</u>
Operating profit/(loss)	4	2,805,204	(1,716,994)
Other interest receivable and similar income	5	22	-
Interest payable and similar expenses	6	<u>(1,130)</u>	<u>(4,283)</u>
Profit/(loss) before taxation		2,804,096	(1,721,277)
Tax on (loss)/profit	7	<u>178,856</u>	<u>(181,727)</u>
Profit/(loss) for the year		<u><u>2,982,952</u></u>	<u><u>(1,903,004)</u></u>
 Total comprehensive (loss)/income for the year		 <u><u>2,982,952</u></u>	 <u><u>(1,903,004)</u></u>

The above results were derived from continuing operations.

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

The notes on pages 12 to 26 form an integral part of these financial statements.

Employment Law Advisory Services Limited

(Registration number: 03041461)

Statement of Financial Position as at 31 December 2022

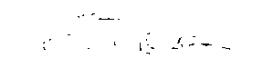
	Note	31 December 2022 £	31 December 2021 £
Fixed assets			
Investments	9	3,326,292	3,326,292
Tangible assets	8	-	238,661
		<u>3,326,292</u>	<u>3,564,953</u>
Current assets			
Cash at bank	10	619,893	1,053,824
Debtors	11	7,494,038	3,835,934
		<u>8,113,931</u>	<u>4,889,758</u>
Creditors: Amounts falling due within one year	12	<u>(5,661,684)</u>	<u>(5,659,124)</u>
Net current assets/(liabilities)		<u>2,452,247</u>	<u>(769,366)</u>
Total assets less current liabilities		<u>5,778,539</u>	<u>2,795,587</u>
Net assets		<u>5,778,539</u>	<u>2,795,587</u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account		<u>5,778,537</u>	<u>2,795,585</u>
Shareholders' funds		<u>5,778,539</u>	<u>2,795,587</u>

For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved and authorised for issue by the Board on 8 August 2023 and signed on its behalf by:



E Wann
Director