Minster Law Limited

Directors' Report and Financial Statements

Registered number 04659625

Year Ended 30 June 2018

Contents

Company Information

Directors
I R Leech
C E Layfield
M I Warren
S Woolham (appointed 1 July 2018
M Hume (appointed 1 July 2018)
R Di Clemente (appointed 1 July 2018)

Secretary

L Sinfield

Registered office
Kingfisher House
Peel Avenue
Wakefield
WF2 7UA

Auditor
KPMG LLP
1 Sovereign Square
Leeds
LS1 4DA

Strategic Report

Results and dividends

The company loss for the year, after taxation, amounted to £(2,557,000) *(2017: £775,000 profit).*

The directors do not recommend the payment of a dividend *(2017: £nil).*

Principal activities, trading review and future developments

The principal activity of the company during the period was that of solicitors.

The business continues to invest strongly in people and technology to create a market leading service proposition through a combination of operational efficiency and technical innovation. Following a period of consolidation, the business has commenced exploration of growth opportunities to leverage the business model.

A key milestone in achieving operational efficiency has been the successful consolidation to a single operational site in the year which has resulted in one off transition costs. Projects delivered in the year will enable the Company to succeed in future years following the implementation of the governments expected reforms to the Personal Injury market.

The Board considers the result of a pre-tax loss on ordinary activities for the 12 months of £(2,627,000) *(2017: £1,120,000 profit)* to be reflective of the investment being made to create a digital proposition ahead of the market reforms, one off costs required to exit the York site and provision for the York lease costs until the end of the lease agreement.

Key performance indicators

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Turnover	**36,053**	43,099
Operating profit / (loss)	**(2,711)**	1,081
Profit / (loss) on ordinary activities before taxation	**(2,627)**	1,120

Turnover has reduced as a result of successful execution of the business strategy to exit non profitable partnerships incepted in previous years. The loss in the year reflects the continuing investment being made to achieve medium term efficiency.

Principal risks and uncertainties

Minster Law Limited operated as a subsidiary of BHL (UK) Holdings Limited throughout the financial year. The risks of the Company are managed locally and at a Group level. The principal risks and uncertainties facing the Company are as follows:

Strategic Report *(continued)*

Financial Risk

Minster Law has a risk management programme that seeks to improve the identification of risks and limit the potential adverse effects on the financial performance of the Company. A risk management framework is in place and the primary financial risks to the business have been given significant focus.

Throughout the year, the Company's financial risks, including credit and liquidity risks, were reviewed monthly by the management and by the Risk Assurance Team. A quarterly risk report was produced for the Company's Audit, Risk and Compliance Committee (ARCC). The Company's risk appetite was reviewed annually by the Company's board of directors.

The Company's ARCC reviews the implementation of processes for identifying, measuring, managing and controlling risks. It commissions and receives reports in relation to risk management activities. The business, as part of BHL (UK) Holdings Limited, continues to maintain independent focus on these areas through the ARCC, which is chaired by an independent person.

Trading Risk

Minster Law is continually managing a variety of risks relating to the market in which it operates. There has been a significant amount of regulatory and legislative change which has impacted trading and the business has had to adapt to incorporate those changes. The government has signalled its intention to introduce further regulatory reforms and the business continues to monitor and make preparations for the introduction of these reforms.

The Company monitors monthly the various external market forces to manage this risk on an ongoing basis and adapts its strategy accordingly. The external market position and its impact on the Company is managed through the Company's risk management framework.

Operational Risk

The Company recognises the need to continuously invest in its people, systems and infrastructure to support the operation in delivering the required customer, regulatory and financial outcomes. The Company monitors these risks through the risk management framework on an ongoing basis and is continually evolving its operating model to meet the desired outcomes.

Reputational Risk

Reputational risk is the risk of adverse publicity arising from Minster Law's relationships with its customers, partners, suppliers and regulators. A key source of reputational risk arises around direct interaction with customers. Minster Law seeks to minimise reputational risk wherever possible and manages such risks where they arise through established communications and public relations channels.

Regulatory Risk

Regulatory risk is the risk that the Company will breach the requirements of its regulators. This risk is mitigated through an effective risk management framework.

Minster Law has implemented a risk management programme that seeks to improve the identification of risks and limit the potential adverse effects of a regulatory breach on the performance of the Company. A risk management framework is in place and the risks of not delivering the desired customer outcome or not meeting a regulator's requirements are given priority focus.

By order of the Board

I R Leech
Director

Date: 17-10-2018

Directors' Report

The directors present their directors' report and financial statements for the year ended 30 June 2018.

Results, dividends and future developments

Details of the Company's results, dividend, principal activities, trading review (including KPIs) and future developments are set out in the Strategic Report.

Also disclosed in the Strategic Report are details of the Company's principal risks and uncertainties.

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company is disclosed on the balance sheet on page 12. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future due to the reasons outlined in note 1. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who held office during the year, and to the date of this report, were as follows:

I R Leech	
M I Warren	
C E Layfield	
S Woolham	(Appointed 1 July 2018)
M Hume	(Appointed 1 July 2018)
R Di Clemente	(Appointed 1 July 2018)

Directors' indemnity provision

In accordance with the Company's Articles of Association, the Company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the period, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Corporate social responsibility

The Company is responsive to the needs of its employees, customers and the community at large and is an organisation that endeavours to use everyone's talents and abilities to the full.

Directors' report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

I R Leech
Director

Kingfisher House
Peel Avenue
Wakefield
WF2 7UA

Date: 17.10.2018

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Minster Law Limited

Opinion

We have audited the financial statements of Minster Law Limited ("the company") for the year ended 30 June 2018 which comprise the Profit and Loss account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Minster Law Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Chris Butt

Chris Butt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
West Yorkshire
LS1 4DA

Date: 24 October 2018

Profit and Loss Account
for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Turnover	3	**36,053**	43,099
Cost of sales		**(24,590)**	(28,963)
Gross profit		**11,463**	14,136
Administrative expenses		**(14,174)**	(13,055)
Operating (loss) / profit		**(2,711)**	1,081
Interest receivable	7	**84**	39
(Loss) / profit before taxation	4-6	**(2,627)**	1,120
Tax on (loss) / profit	8	**70**	(345)
(Loss) / profit for the financial year		**(2,557)**	775

The operating loss for the year arises from the company's continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

Statement of Comprehensive Income
for the year ended 30 June 2018

	Year ended June 2018 £000	Year ended June 2017 £000
(Loss) / profit for the financial year	**(2,557)**	775
Total comprehensive income relating to the financial year	**(2,557)**	775

The notes on pages 13 to 24 form an integral part of these financial statements.

Balance Sheet
at 30 June 2018

	Note	**30 June 2018** **£000**	30 June 2017 £000
Fixed assets			
Intangible assets	*9*	**399**	943
Tangible assets	*10*	**1,874**	440
		2,273	1,383
Current assets			
Debtors	*11*	**58,198**	63,774
Amount due from parent company		**18,595**	16,000
Cash at bank and in hand		**931**	4,253
		77,724	84,027
Creditors: amounts falling due within one year	*12*	**(35,459)**	(38,471)
Provisions	*13*	**(1,742)**	(1,586)
Net current assets		**40,523**	43,970
Total assets less current liabilities		**42,796**	45,353
Creditors: amounts falling due after more than one year		**-**	-
Net assets		**42,796**	45,353
Capital and reserves			
Called up share capital	*15*	**20**	20
Share premium account	*16*	**11,590**	11,590
Profit and loss account	*17*	**31,186**	33,743
Shareholders' funds		**42,796**	45,353

These financial statements were approved by the board of directors on 17th October 2018 and were signed on its behalf by:

I R Leech
Director

The notes on pages 13 to 24 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2018

	Called up share capital £000	Share Premium £000	Profit and loss account £000	Shareholders' funds £000
Balance as at 30 June 2017	20	11,590	33,743	45,353
Profit for the year	-	-	(2,557)	(2,557)
At 30 June 2018	**20**	**11,590**	**31,186**	**42,796**

The notes on pages 13 to 24 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The company, a private limited company incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking is BHL (UK) Holdings Limited. This company includes the Company in its consolidated financial statements. The consolidated financial statements of BHL (UK) Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Companies House.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel.
- Disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments Disclosures.

The Company adopts the reduced disclosure framework of FRS 101 in its financial statements.

The financial statements are stated in sterling, which is the Company's functional and presentation currency.

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below.

Notes *(continued)*

1 Accounting polices (continued)

Measurement convention

The financial statements have been prepared on the historical cost basis.

Going concern

The directors have continued to prepare the financial statements on a going concern basis. The directors have reviewed the budget and cash flow forecasts of the Company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due.

Accordingly, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Turnover

Revenue is recognised to the extent that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. The following specific recognition criteria must also all be met before revenue is recognised: the outcome can be reliably measured; the stage of completion can be reliably measured; positive admission of liability has been received from the third party insurer.

Revenue is recognised in respect of fixed fee cases based on an assessment of expected outcome, stage of completion and future settlement values. The outcome of a fixed fee case is measured using a portfolio approach to assess the certainty of successful settlement of cases. The stage of completion of a case is determined by the achievement of certain standard milestones on each case. Revenue is only recognised on receipt of a positive admission of liability from the third party insurer.

Revenue is recognised in respect of variable fee cases based on an assessment of expected outcome, stage of completion and future settlement values. The outcome of a variable fee case is assessed on a case by case basis. The stage of completion of a case is measured by reference to time recorded on the case management system, adjusted by an estimate of the time value expected to be recovered. This estimate is derived using historic recovery rates and applied on a portfolio basis. Revenue is only recognised on receipt of a positive admission of liability from the third party insurer.

Turnover is shown exclusive of value added tax, and net of movements in WIP.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold properties	-	over the life of lease
Fixtures and fittings	-	20% straight line
Computer hardware and software	-	20% - 33% straight line
Motor vehicles	-	33% straight line

Costs that are directly attributable to the creation of identifiable software which meet the recognition criteria are recognised as intangible assets. Direct costs include consultancy costs and the employment costs of internal software developers. All other software development and maintenance costs are recognised as an expense as incurred.

Software development costs recognised as assets are held at historic cost less accumulated amortisation and impairment, and are amortised over their estimated useful lives (5 years) on a straight line basis.

Annual impairment reviews are undertaken for all asset classes. Impairments are recognised in the period identified.

Notes *(continued)*

1 Accounting polices (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Work in Progress

Trade debtors include unbilled amounts for work performed in relation to legal services contracts where the fee has yet to be issued. These unbilled amounts for client work are stated at a percentage completion (in accordance with the revenue recognition policy) less provision for foreseeable losses and net of amounts billed on account. A number of assumptions around profitability, drop off and work complete are incorporated into the calculation. No work in progress is recognised until a positive admission of liability has been received from the third party insurer.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.
Deferred tax is recognised, without discounting, in respect of all temporary differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. This is in accordance with IAS 12.

Classification of financial instruments issued by the Company

Following the adoption of IAS 39, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets

Notes *(continued)*

for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Estimation

Work in Progress

The Company recognises revenue on work performed during the reporting period on legal claims based on the stage of work complete and an assessment of the ultimate value of these cases. A number of assumptions are made by management in determining the value of the work carried out in the period. Management determine the key assumptions made to the stage of completion of each case, by reference to key milestones in the process, the percentage of cases that will ultimately be settled in our clients' favour, and the expected consideration receivable by the Company in relation to each case, all supported by historical settlement patterns. Cases are only recognised once an admission of liability has been received from the third party insurer.

The ultimate outcome in relation to each of these assumptions may differ from the estimates made by management and, as a result, the total consideration receivable. The carrying value of work in progress at the year-end was £18,160,000 *(2017: £21,105,000).*

3 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

4 Expenses and auditor remuneration

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Included in (loss) / profit are the following:		
Depreciation and amortisation and other amounts written off owned fixed assets	**982**	1,152
Auditor's remuneration		
- Audit of these financial statements	**63**	60
- Taxation compliance services	**9**	6
- Other assurance services	**-**	-
Operating lease costs – land and buildings	**974**	968

Notes *(continued)*

5 Staff numbers and costs

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

	Year ended 30 June 2018 No.	Year ended 30 June 2017 No.
Fee earners	**216**	249
Support staff	**332**	357
	548	606

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Wages and salaries	**18,401**	22,661
Social security costs	**1,571**	1,716
Other pension costs	**458**	470
	20,430	24,847

The Company operates a defined contribution pension scheme. Contributions amounting to £129,891 *(2017: £54,111)* were payable to the scheme at the year end and are included in creditors.

Notes *(continued)*

6 Remuneration of directors

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Directors' emoluments	**540**	667
Company contributions to money purchase pension schemes	**-**	9
	540	676

Emoluments for the highest paid director:

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Total emoluments (excluding pension contributions)	**481**	365
Company contributions to money purchase pension schemes	**-**	7
	481	372

Retirement benefits are accruing to the following number of directors under:

	Year ended 30 June 2018 No.	Year ended 30 June 2017 No.
Money purchase schemes	**-**	2

7 Interest receivable

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Bank interest receivable	**14**	7
Interest receivable from BHL Group companies	**70**	32
	84	39

Notes *(continued)*

8 Taxation

Analysis of charge / (credit):	**Year ended 30 June 2018 £000**	Year ended 30 June 2017 £000
UK corporation tax		
Current tax on income for the period	-	298
Adjustments in respect of prior periods	(70)	(22)
Total current tax	(70)	276
Deferred tax		
Origination and reversal of timing differences	-	69
Total deferred tax	-	69
Tax on profit / (loss) on ordinary activities	(70)	345

Reconciliation of effective tax rate:	**Year ended 30 June 2018 £000**	Year ended 30 June 2017 £000
Profit / (Loss) on ordinary activities before tax	(2,627)	1,120
Effects of:		
Current tax at 19% *(2017:19.75%)*	(499)	221
Expenses not deductible for tax purposes	16	7
Current year deferred tax not recognised	432	287
Adjustment in respect of prior periods	(70)	(22)
Rate difference on deferred tax (current year)	51	10
Losses b/f	-	(158)
Total tax charge / (credit) (see above)	(70)	345

Reductions in the UK corporation tax rate from 20% (effective from 1 April 2016) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was enacted on 6 September 2016.

Unrecognised deferred tax (at current rate of 17%):	**30 June 2018 £000**	30 June 2017 £000
Accelerated capital allowances	184	219
Short term timing differences	85	115
Taxable losses not recognised	496	-
Asset carried forward	765	334

The deferred tax asset has not been recognised on the grounds that there is insufficient certainty of taxable profits in the short term.

Notes *(continued)*

9 Intangible Fixed Assets

	Computer Software £000
Cost	
At 1 July 2017	5,441
Additions	13
Disposals	(389)
At 30 June 2018	5,065
Amortisation	
At 1 July 2017	4,498
Charge for the period	557
Disposals	(389)
At 30 June 2018	4,666
Net book value	
At 30 June 2018	**399**
At 30 June 2017	943

10 Tangible Fixed assets

	Short leasehold property £000	Fixtures and fittings £000	Computer hardware £000	Motor vehicles £000	Total £000
Cost					
At 1 July 2017	432	993	2,009	29	3,463
Additions	1,362	77	420	-	1,859
Disposals	(115)	(528)	(1,626)	-	(2,269)
At 30 June 2018	1,679	542	803	29	3,053
Depreciation					
At 1 July 2017	385	873	1,753	12	3,023
Charge for the period	87	126	205	7	425
Disposals	(115)	(528)	(1,626)	-	(2,269)
At 30 June 2018	357	471	332	19	1,179
Net book value					
At 30 June 2018	**1,322**	**71**	**471**	**10**	**1,874**
At 30 June 2017	47	120	256	17	440

Notes *(continued)*

11 Debtors

	30 June 2018 **£000**	30 June 2017 £000
Trade debtors	**57,424**	62,946
Prepayments and accrued income	**763**	726
Amounts owed by BHL group companies	**11**	102
Corporation tax	**-**	-
Deferred tax	**-**	-
	58,198	63,774

Trade debtors include work in progress relating to legal services contracts of £18,160,000 *(2017: £21,105,000)*. The valuation of this balance is subject to estimation uncertainty as disclosed in note 2. These contracts relate to work done with major insurance companies and, as such, there is significant certainty around the successful settlement and recoverability of these amounts.

Certain unbilled disbursements are disclosed net in the financial statements. This is in accordance with contracts with those suppliers where disbursements only become payable when recovered; hence the Company is not obliged to support any losses and nor does it intend to do so. At 30 June 2018 £33,037,000 *(2017: £35,168,000)* remained within trade debtors after £5,941,000 *(2017: £8,293,000)* had been offset with trade creditors.

12 Creditors: amounts falling due within one year

	30 June 2018 **£000**	30 June 2017 £000
Trade creditors	**25,673**	28,193
Other taxation and social security	**1,853**	2,213
Accruals and deferred income	**3,657**	3,542
Amounts owed to BHL group companies	**4,276**	4,178
Corporation tax	**-**	345
	35,459	38,471

Trade creditors include £27,769,000 (*2017: £28,012,000*) in respect of disbursements where there is a contractual obligation to pay the supplier regardless of whether the disbursement is recovered.

Notes *(continued)*

13 Provisions

	Provision 1 £000	Provision 2 £000	Provision 3 £000	Total £000
Balance at 1 July 2017	-	661	925	1,586
Provisions made during the year	379	64	-	443
Provisions released during the year	-	-	(287)	(287)
Balance at 30 June 2018	**379**	**725**	**638**	**1,742**

Provision 1 relates to the onerous lease provision for the York building which was vacated at the end of July 2018, seven months prior to the termination of the lease.

Provision 2 represents the dilapidations provision for the Wakefield and York properties.

Provision 3 has been made to cover restructuring costs associated with the move to one Yorkshire site as well as costs related to ongoing legal disputes.

14 Commitments under operating leases

The company had commitments under non-cancellable operating leases as set out below. The increase in operating lease commitments represents the renewal of the Wakefield lease for a further 10 years.

	Land and buildings	
	30 June 2018 £000	30 June 2017 £000
Operating leases commitments:		
Less than one year	**776**	734
Between one year and five years	**1,766**	335
Over five years	**1,981**	-
	4,523	1,069

15 Share capital

Called up share capital – ordinary shares of £1 each	**2018 £000**	2017 £000
Balance at 1 July	**20**	20
Issued during year	**-**	-
At 30 June	**20**	20

Notes *(continued)*

16 Share premium

	2018	2017
	£000	£000
Balance at 1 July	**11,590**	11,590
Issued during the year	-	-
At 30 June	**11,590**	11,590

17 Profit and loss account

	30 June 2018	30 June 2017
	£000	£000
At the beginning of the year	**33,743**	32,968
(Loss) / profit for the financial year	**(2,557)**	775
At the end of the year	**31,186**	33,743

18 Related Party Transactions

The following transactions took place during the financial year with other group companies:

Related Party	Type of Service	30 June 2018	30 June 2017
		£000	£000
BGL Group Limited	Building and services	**453**	1,376
BHL (UK) Holding Limited	Loan interest receivable	**70**	32
ACM ULR Limited	Legal services	**607**	-
Total Income		**1,130**	1,408

Related Party	Type of Service	30 June 2018	30 June 2017
		£000	£000
BGL Group Limited	Support services	**18**	229
BHL (UK) Holding Limited	Support services	**118**	-
ACM ULR Limited	Distribution costs	**5,203**	4,885
Coral Insurance Services Limited	Distribution costs	**2,678**	3,156
Total Expenditure		**8,017**	8,270

Notes *(continued)*

The following balances were outstanding at the year-end:

Related Party	Type of Service	30 June 2018	30 June 2017
		£000	£000
BGL Group Limited	Building and services	**11**	102
BHL (UK) Holding Limited	Loan	**18,595**	16,000
Current Asset		**18,606**	16,102

Invoices raised to BGL Group Limited are repayable on 30 day terms; the loan with BHL (UK) Limited is repayable on demand.

Related Party	Type of Service	30 June 2018	30 June 2017
		£000	£000
ACM ULR Limited	Distribution costs	**3,717**	3,612
Coral Insurance Services Limited	Distribution costs	**559**	566
Current Liability		**4,276**	4,178

Invoices received from ACM ULR Limited are payable on 9 month terms from the date of service; all other invoices are payable on 30 day terms.

19 Ultimate parent company

The Company's immediate parent company is BHL (UK) Holdings Limited. The Company's ultimate parent company is Reef Holdings Limited, which is wholly owned by The Concrete Trust. The Reef Foundation acts as trustee of The Concrete Trust.

The largest group in which the results of the Company are consolidated is that headed by BHL Holdings Limited, incorporated in Guernsey. The smallest group in which they are consolidated is that headed by BHL (UK) Holdings Limited, incorporated in England and Wales. The consolidated financial statements of BHL Holdings Limited are not publicly available. The financial statements of BHL (UK) Holdings Limited can be obtained from Companies House.