Registration number: 08030343

SPRATT ENDICOTT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SPRATT ENDICOTT LIMITED

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SPRATT ENDICOTT LIMITED

COMPANY INFORMATION

Directors	LA Gordon
	R Gwynne
	DHN Inch
	PAR Mulcare
	SS Pangu
	HGR Patel
	CA Shaw
	JE Spratt
	AA Woods
Registered office	52-54 The Green Banbury OX16 9AB
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

SPRATT ENDICOTT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activity
The principal activity of the company is the provision of legal services.

Fair review of the business
The results for the year, which are set out in the profit and loss account, show turnover of £8,394,700 (2020 - £8,535,856) and an operating profit of £1,322,968 (2020 - £1,438,616). At 31 March 2021, the company had net assets of £2,187,704 (2020 - £2,293,739). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Principal risks and uncertainties
Competition Risk
The legal services market is highly competitive. The company manages risk by carefully monitoring the quality of the service provided and ensuring the Spratt Endicott brand is well known and highly regarded.

Regulatory Risk
Changes in regulations are monitored by the directors and reviewed regularly. Changes in regulation that could affect the company's turnover are mitigated by the number of different income streams from various types of service.

Financial Risk
The company has strong financial controls. Financial risks are closely monitored by review of monthly results, cash flow, budgeting, credit control and work in progress. Policies and procedures are aligned with ISO:27001, and all possible steps are taken to mitigate the risks of cyber crime ad money laundering.

Economic Risk
The UK's BREXIT vote has created some economic uncertainty. Maintaining a diverse range of services provided to a mix of client types mitigates this risk. Additionally, in 2022/23, with the current pandemic, our revenues are much less certain. However, we have taken actions to minimise its impact.

Approved by the Board on 14.12.21 and signed on its behalf by:

....
AA Woods
Director

SPRATT ENDICOTT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

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

D Endicott (resigned 5 May 2020)

LA Gordon

R Gwynne

DHN Inch

PAR Mulcare

SS Pangu

HGR Patel

CA Shaw

JE Spratt

AA Woods

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other legal practices and changes in the legal sector.

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

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The business' principal financial instruments comprise bank balances, work in progress, trade debtors and trade creditors. The main purpose of these instruments is to finance business operations.

In respect of bank balances, liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Work in progress is managed in respect of price and liquidity risk by regular billing and monitoring of amounts unbilled. The amounts presented in the balance sheet are net of allowances for recovery rates and time unlikely to be billed.

Trade debtors are managed in respect of credit and cash flow risk by regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Disclosure of information to the auditors
Each director has taken the 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 14.12.21 and signed on its behalf by:

....
AA Woods
Director

SPRATT ENDICOTT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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 has 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.

SPRATT ENDICOTT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRATT ENDICOTT LIMITED

Opinion

We have audited the financial statements of Spratt Endicott Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 company's affairs as at 31 March 2021 and of its 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 company 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

SPRATT ENDICOTT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRATT ENDICOTT LIMITED

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 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, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRATT ENDICOTT LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

• We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
• We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
• We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

• Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
• Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 March 2021 has been undertaken;
• Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
• Challenging assumptions and judgements made by management in its significant accounting estimates.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this 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.

Andrew Harris
Andrew Harris (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 16 December 2021

SPRATT ENDICOTT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	3	8,394,700	8,535,856
Administrative expenses		(7,424,257)	(7,157,682)
Other operating income	4	352,525	60,442
Operating profit	5	1,322,968	1,438,616
Other interest receivable and similar income	6	68,659	149,648
Interest payable and similar charges	7	(12,563)	(16,694)
		56,096	132,954
Profit before tax		1,379,064	1,571,570
Taxation	11	(329,135)	(387,816)
Profit for the financial year		1,049,929	1,183,754

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

SPRATT ENDICOTT LIMITED

(REGISTRATION NUMBER: 08030343)
BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,275,834	1,680,834
Tangible assets	13	396,263	529,623
		1,672,097	2,210,457
Current assets			
Debtors	14	3,076,409	2,969,211
Cash at bank and in hand		699,076	700
		3,775,485	2,969,911
Creditors: Amounts falling due within one year	15	(2,988,865)	(2,662,486)
Net current assets		786,620	307,425
Total assets less current liabilities		2,458,717	2,517,882
Creditors: Amounts falling due after more than one year	15	(8,481)	(76,565)
Provisions for liabilities	17, 11	(262,532)	(141,373)
Net assets		2,187,704	2,299,944
Capital and reserves			
Called up share capital	19	4,545	4,545
Other reserves		10,000	10,000
Profit and loss account		2,173,159	2,285,399
Total equity		2,187,704	2,299,944

Approved and authorised by the Board on 14.12.21 and signed on its behalf by:

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AA Woods
Director

The notes on pages 12 to 22 form an integral part of these financial statements.

SPRATT ENDICOTT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 2020	4,545	10,000	2,285,399	2,299,944
Profit for the year	-	-	1,049,929	1,049,929
Dividends	-	-	(1,162,169)	(1,162,169)
At 31 March 2021	4,545	10,000	2,173,159	2,187,704

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 2019	4,072	10,000	1,977,197	1,991,269
Profit for the year	-	-	1,183,754	1,183,754
Dividends	-	-	(875,552)	(875,552)
New share capital subscribed	1,302	-	-	1,302
Purchase of own share capital	(829)	-	-	(829)
At 31 March 2020	4,545	10,000	2,285,399	2,299,944

The notes on pages 12 to 22 form an integral part of these financial statements.

SPRATT ENDICOTT LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		1,049,929	1,183,754
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	550,083	537,965
Finance income	6	(68,659)	(149,648)
Finance costs	7	12,563	16,694
Corporation tax expense	11	329,135	387,816
		1,873,051	1,976,581
Working capital adjustments			
Increase in trade debtors	14	(107,198)	(232,696)
Increase/(decrease) in trade creditors	15	326,467	(199,072)
Increase/(decrease) in provisions	17	117,911	(33,840)
Cash generated from operations		2,210,231	1,510,973
Corporation tax paid	11	(327,847)	(393,209)
Net cash flow from operating activities		1,882,384	1,117,764
Cash flows from investing activities			
Interest received	6	68,659	149,648
Acquisitions of tangible assets		(11,723)	(268,615)
Net cash flows from investing activities		56,936	(118,967)
Cash flows from financing activities			
Interest paid	7	(12,563)	(16,694)
Proceeds from issue of ordinary shares, net of issue costs		-	1,302
Payments for purchase of own shares		-	(829)
Repayment of bank borrowing		12,312	(37,590)
Dividends paid	21	(1,162,169)	(875,552)
Net cash flows from financing activities		(1,162,420)	(929,363)
Net increase in cash and cash equivalents		776,900	69,434
Cash and cash equivalents at 1 April		(77,824)	(147,258)
Cash and cash equivalents at 31 March		699,076	(77,824)

The notes on pages 12 to 22 form an integral part of these financial statements.

1 General information

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

The address of its registered office is:
52-54 The Green
Banbury
OX16 9AB

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 for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Bad debt provision - Due to the nature of the business, there are high levels of trade debtors at the year end, and therefore a risk that some of these balances may be irrecoverable. A bad debt review is carried out by the credit control team where debts are assessed and provided against when the recoverability of these balances is considered to be uncertain. The carrying amount is £64,319 (2020 -£60,022).

Amounts recoverable on contracts - The process of assessing amounts recoverable on contracts and work in progress requires various estimates and judgements to be made. Fee earners are required to record time spent on client assignments, this is used as the basis for amounts recoverable on contracts and work in progress estimates. A year end report of time on all assignments is circulated to fee earners to identify likely recoverable amounts. Matters that have been carried out on a contingent basis (where the contingent event is yet to occur) are removed from the amounts recoverable on contracts valuation. The carrying amount is £1,309,358 (2020 -£1,122,995).

Client claims provision - The client claims provision is based on a review of potential claims and an assessment of any potential settlements that are considered likely as a result of these. The carrying amount is £198,591 (2020 -£80,680).

Revenue recognition

Revenue represents the fair value of services provided during the year on client assignments. Fair value reflects the amounts expected to be recoverable from clients based on time spent, skills provided and expenses incurred, and excludes VAT. Fee income is recognised as contract activity progresses and the right to consideration is secured, except where the final outcome cannot be assessed with reasonable certainty.

Fee income in respect of contingent fee assignments is recognised in the period when the contingent event occurs and collectability of the fee is assured.

Unbilled fee income on individual assignments is included as work in progress or amounts recoverable on contracts within debtors.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Tax

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

The current corporation 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 company operates and generates taxable income.

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

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

Tangible assets

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

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

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

Asset class	Depreciation method and rate
Leasehold land and building	20% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	10% straight line
Computer equipment	20% straight line

Goodwill
Goodwill is amortised over its useful life.

Intangible assets
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company'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.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

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	over 10 years

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.

Trade 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. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

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

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

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

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

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company 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.

Financial instruments

Classification
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

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

	2021 £	2020 £
Rendering of services	8,394,700	8,535,856

The analysis of the company's turnover for the year by market is as follows:

	2021 £	2020 £
UK	8,329,190	8,491,020
Europe	15,196	36,985
Rest of world	50,314	7,851
	8,394,700	8,535,856

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	309,586	-
Sub lease rental income	42,939	48,442
Miscellaneous other operating income	-	12,000
	352,525	60,442

5 Operating profit

Arrived at after charging:

	2021 £	2020 £
Depreciation expense	145,083	132,965
Amortisation expense	405,000	405,000
Operating lease expense - property	275,285	277,234
Operating lease expense - plant and machinery	17,648	12,619

6 Other interest receivable and similar income

	2021 £	2020 £
Other interest income	-	1,209
Interest income on bank deposits	68,659	148,439
	68,659	149,648

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	12,527	16,653
Interest expense on other finance liabilities	36	41
	12,563	16,694

8 Staff costs

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

	2021 £	2020 £
Wages and salaries	3,981,105	3,909,283
Social security costs	332,529	332,186
Pension costs, defined contribution scheme	523,765	233,649
	4,837,399	4,475,118

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

	2021 No.	2020 No.
Fee earners, support and administration	142	140

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	112,500	186,991
Contributions paid to money purchase schemes	362,060	71,482
	474,560	258,473

10 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	17,000	16,500

11 Taxation

Tax charged in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax	325,887	378,067
Deferred taxation		
Arising from origination and reversal of timing differences	3,248	9,749
Tax expense in the income statement	329,135	387,816

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

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	1,379,064	1,571,570
Corporation tax at standard rate	262,022	298,598
Effect of expense not deductible in determining taxable profit (tax loss)	840	30,974
Deferred tax expense relating to changes in tax rates or laws	3,248	9,749
Tax increase from effect of capital allowances and depreciation	63,025	48,495
Total tax charge	329,135	387,816

12 Intangible assets

	Goodwill £
Cost	
At 1 April 2020	4,050,000
Amortisation	
At 1 April 2020	2,369,166
Amortisation charge	405,000
At 31 March 2021	2,774,166
Carrying amount	
At 31 March 2021	1,275,834
At 31 March 2020	1,680,834

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 April 2020	402,105	613,503	1,015,608
Additions	-	11,723	11,723
At 31 March 2021	402,105	625,226	1,027,331
Depreciation			
At 1 April 2020	212,031	273,954	485,985
Charge for the year	38,292	106,791	145,083
At 31 March 2021	250,323	380,745	631,068
Carrying amount			
At 31 March 2021	151,782	244,481	396,263
At 31 March 2020	190,074	339,549	529,623

Included within the net book value of land and buildings above is £Nil (2020 - £Nil) in respect of freehold land and buildings and £151,782 (2020 - £190,074) in respect of short leasehold land and buildings.

14 Debtors

	2021 £	2020 £
Trade debtors	1,367,545	1,518,313
Other debtors	6,017	19,091
Prepayments	393,489	308,812
Amounts recoverable on contracts	1,309,358	1,122,995
Total current trade and other debtors	3,076,409	2,969,211

15 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	16	321,374	319,502
Trade creditors		53,436	124,865
Social security and other taxes		834,390	420,149
Other creditors		1,216,414	1,310,092
Accrued expenses		424,202	346,869
Corporation tax liability	11	139,049	141,009
		2,988,865	2,662,486
Due after one year			
Loans and borrowings	16	8,481	76,565

16 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	321,374	240,978
Bank overdrafts	-	78,524
	321,374	319,502

The bank loans and overdraft are secured by a mortgage debenture dated 10 July 2018. Limited guarantees have been given by A A Woods, D Endicott, D H N Inch, H G R Patel, J E Spratt, M C Hughes, S S Pangu, C Shaw, R Gwynne and L Gordon, which secure monies due up to £600,000.

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	8,481	76,565

17 Deferred tax and other provisions

	Deferred tax £	Client claims provision £	Total £
At 1 April 2020	60,693	80,680	141,373
Additional provisions	3,248	117,911	121,159
At 31 March 2021	63,941	198,591	262,532

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £523,765 (2020 - £233,649).

19 Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £	2020 No.	2020 £
Ordinary A3 shares (£0.001 each)	1,300,000	1,300.00	1,300,000	1,300.00
Ordinary A shares (£0.001 each)	925,000	925.00	925,000	925.00
Ordinary A2 shares (£0.001 each)	1,200,000	1,200.00	1,200,000	1,200.00
Ordinary B to N shares (£0.001 each)	20,000	20.00	20,000	20.00
Ordinary A1 shares (£0.001 each)	1,100,000	1,100.00	1,100,000	1,100.00
	4,545,000	4,545.00	4,545,000	4,545.00

20 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	289,545	290,062
Later than one year and not later than five years	505,268	735,235
Later than five years	50,397	113,750
	845,210	1,139,047

The amount of non-cancellable operating lease payments recognised as an expense during the year was £293,838 (2020 - £277,234).

Operating leases - lessor
The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	25,525	25,525
Later than one year and not later than five years	14,711	40,236
	40,236	65,761

Total rents recognised as income in the period are £25,525 (2020 - £48,442).

21 Dividends

	2021	2020
	£	£
Dividends paid	1,162,169	875,552

22 Related party transactions

Summary of transactions with key management
Directors' transactions
Capital Loans
The directors have advanced to the company loans that are shown within other creditors due within one year. The amounts advanced, and outstanding at the year end are £1,049,999 (2020: £847,862).

Directors' goodwill loan account
On 1 May 2014, Spratt Endicott partnership was transferred to Spratt Endicott Limited. This transaction resulted in goodwill of £3,400,000 and created a liability to the directors. On 1 October 2014, Spratt Endicott Limited merged with Alfred Truman partnership. This transaction resulted in goodwill of £650,000 and created a liability to the directors. At the year end a balance of £161,866 (2020: £458,119) was still outstanding to the directors and is shown within other creditors due within one year.

The company pays rent for one office of £36,000 per annum, split equally between the personal pension schemes of J E Spratt and D Endicott. There were no amounts outstanding at 31 March 2021 (2020: £nil).

The company pays rent for a second office of £25,752 per annum, split between the personal pension schemes of J E Spratt 20.83%, D Endicott 20.83%, A A Woods 20.83%, H G R Patel 12.5%, C A Shaw 12.5% and a sixth unrelated person. There were no amounts outstanding at 31 March 2021 (2020: £nil).

The company pays rent for a third office of £71,900 per annum, split equally between the personal pension schemes of J E Spratt, D Endicott, M C Hughes, A A Woods, D H Inch, H G R Patel, C Shaw and an eigth unrelated person. There were no amounts outstanding at 31 March 2021 (2020: £nil).