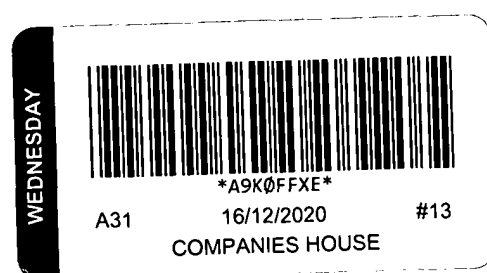


**Invicta Law Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2020**



<b>Contents</b>	<b>Page</b>
Officers and Professional Advisers	<b>1</b>
Directors' Report	<b>2-4</b>
Independent Auditor's Report	<b>5-8</b>
Profit and Loss Account	<b>9</b>
Balance Sheet	<b>10</b>
Statement of Changes in Equity	<b>11</b>
Notes to the Financial Statements	<b>12-24</b>

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## **Officers and professional advisers**

### **Directors**

Philip Dearing  
John Evans  
John Humphrey  
Neeta Major  
James Pigott  
Alexander Robinson  
David Whittle  
Andrew Wood

### **Company Secretary**

Crowe UK LLP  
Riverside House  
40-46 High Street  
Maidstone  
Kent ME14 1JH

### **Registered Office**

Units 1-6 Priory Gate  
29 Union Street  
Maidstone  
Kent ME14 1PT

### **Bankers**

National Westminster Bank Plc  
High Street  
Maidstone  
Kent ME14 1HJ

### **Independent Auditor**

Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
2<sup>nd</sup> Floor  
St. John's House  
Haslett Avenue West  
Crawley  
RH10 1HS

## **Invicta Law Limited**

### **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2020.

### **Principal activity**

The principal activity of the company is the provision of legal services to the public sector.

### **Directors**

The directors who served throughout the year were as follows:

Amanda Baldwin (resigned 31<sup>st</sup> March 2020)

Philip Dearing (appointed 17<sup>th</sup> March 2020)

Christopher Digby-Bell (resigned 16<sup>th</sup> April 2019)

John Evans

John Humphrey (appointed 16<sup>th</sup> July 2019)

Neeta Major (appointed 17<sup>th</sup> March 2020)

James Pigott

Simon Pleace (resigned 15<sup>th</sup> July 2020)

Guy Record (resigned 14<sup>th</sup> April 2020)

Ian Roberts (resigned 31<sup>st</sup> March 2020)

Nicholas Vickers (resigned 10<sup>th</sup> January 2020)

Andrew Wood (appointed 17<sup>th</sup> March 2020)

Alexander Robinson and David Whittle were appointed as directors on the 6<sup>th</sup> July 2020.

The directors are pleased with the progress that has been made by the company during its second full year of trading, as the company completed the required business transformation. Like many UK businesses we have been impacted by COVID-19 and took steps early to prepare our IT and employees for home working. The impact of moving to home working and changing our working practices have been very positive.

The company has significant cash reserves and a supportive shareholder. The directors expect to meet the company's budgeted profit for the forthcoming year and look forward to building on the foundations that have been put in place.

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

**Directors' report (continued)****Disclosure of information to Auditor****Going concern**

At 31 March 2020, the company had cash balance of £1,131,056 and net current assets of £1,540,508 together with a long-term contract with its ultimate controlling party, Kent County Council. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without any additional borrowing facilities being required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook caused by the Covid-19 pandemic.

Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received confirmation from Kent County Council that they will provide ongoing financial support to the Company for a period of at least a year subsequent to the signing of these accounts in order to allow the Company to meet its liabilities as they fall due. The directors have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 2020.

**Auditor**

Grant Thornton UK LLP continue to be the company's auditor for the financial year ended 31 March 2020 covering the financial and SRA requirements. The Directors have put the audit out to tender for next financial year and a decision on the companies' auditors will be made by October 2020.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**Directors' responsibility statement**

The directors are responsible for preparing 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 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, including FRS 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 and 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 accounting estimates that are reasonable and prudent;

### **Directors' report (continued)**

- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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



John Humphrey  
Director  
12 August 2020  
Registered office:  
Units 1-6 Priory Gate  
29 Union Street  
Maidstone  
Kent  
ME14 1PT

## **Independent auditor's report to the members of Invicta Law Limited**

### **Opinion**

We have audited the financial statements of Invicta Law Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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 2020 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.

### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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**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.

**Opinions on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.



**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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;
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in the strategic report and the directors' report

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on pages 3-4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

GRANT THORNTON UK LLP.

**Jonathan Oakey FCA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Crawley**  
**Date: 12 August 2020**

**Invicta Law Limited**  
**Registration No. 10079679**  
**Profit and Loss Account**  
**For the year ended 31 March 2020**

	<b>Note</b>	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Turnover</b>		<b>8,941,796</b>	<b>8,783,027</b>
Cost of sales		<u>(5,197,330)</u>	<u>(5,338,214)</u>
<b>Gross profit</b>		<b>3,744,466</b>	<b>3,444,813</b>
Administrative expenses		<u>(3,474,364)</u>	<u>(3,187,766)</u>
<b>Operating profit</b>		<b>270,102</b>	<b>257,047</b>
Interest payable and similar expense	3	<u>(52,000)</u>	<u>(54,000)</u>
<b>Profit on ordinary activities before taxation</b>	4	<b>218,102</b>	<b>203,047</b>
Tax on profit on ordinary activities	6	<b>(14,072)</b>	-
<b>Profit for the financial year attributable to the equity shareholders of the company</b>		<u><b>204,030</b></u>	<u><b>203,047</b></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no other recognised gains or losses for the current year other than as stated in the profit and loss account. No other comprehensive income was recognised.

The notes on pages 12-24 form part of these financial statements.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Balance Sheet**  
**As at 31 March 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	7	412,004	423,880
Tangible assets	8	147,399	254,187
		<u>559,403</u>	<u>678,067</u>
<b>Current assets</b>			
Debtors	9	1,997,937	1,524,885
Cash at bank and in hand		1,131,056	1,867,231
		<u>3,128,993</u>	<u>3,392,116</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,588,485)</u>	<u>(1,385,190)</u>
<b>Net current assets</b>		<u>1,540,508</u>	<u>2,006,926</u>
<b>Total assets less current liabilities</b>		<b>2,099,911</b>	<b>2,684,993</b>
<b>Creditors: amounts falling due after more than one year</b>	11	(1,000,000)	(1,800,000)
<b>Provision for liabilities</b>	12	(10,888)	-
<b>Net assets</b>		<u>1,089,023</u>	<u>884,993</u>
<b>Capital and reserves</b>			
Called up share capital	13	200,000	200,000
Share premium account		1,800,000	1,800,000
Profit and loss account	14	(910,977)	(1,115,007)
<b>Shareholder's funds</b>		<u>1,089,023</u>	<u>884,993</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within part 15 of the Companies Act 2006.

The financial statements of Invicta Law Limited were approved by the board of directors and authorised for issue on 12 August 2020.

They were signed on its behalf by:



**John Humphrey**  
**Director**

The notes on pages 12-24 form part of these financial statements.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Company Statement of Changes in Equity**  
**As at 31 March 2020**

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 31 March 2018</b>	<b>200,000</b>	<b>1,800,000</b>	<b>(1,318,054)</b>	<b>681,946</b>
Profit and total comprehensive income for the year	-	-	203,047	203,047
<b>At 31 March 2019</b>	<b>200,000</b>	<b>1,800,000</b>	<b>(1,115,007)</b>	<b>884,993</b>
Profit and total comprehensive income for the year	-	-	204,030	204,030
<b>At 31 March 2020</b>	<b>200,000</b>	<b>1,800,000</b>	<b>(910,977)</b>	<b>1,089,023</b>

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

**General information and basis of accounting**

The Company is a private company limited by shares and is registered in England. The address of the registered office is given on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements:

- i. from preparing a statement of cash flows under FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent, Kent County Council, includes the company's cash flows in its own consolidated financial statements;
- ii. from the financial instruments disclosure requirements of FRS 102 paragraphs 11.39 – 11.48A and 12.26 – 12.29 under FRS 102 paragraph 1.12(c), on the basis that it is a qualifying entity and its ultimate parent, Kent County Council, includes the company's financial instruments disclosures in its own consolidated financial statements; and
- iii. from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

**Going concern**

At 31 March 2020, the company had cash balance of £1,131,056 and net current assets of £1,540,508 together with a long-term contract with its ultimate controlling party, Kent County Council. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without any additional borrowing facilities being required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook caused by the Covid-19 pandemic.

Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In addition, the directors have received confirmation from Kent County Council that they will provide ongoing financial support to the Company for a period of at least a year subsequent to the signing of these accounts in order to allow the Company to meet its liabilities as they fall due. The directors have therefore adopted the going concern basis in preparing the financial statements for the year ended 31 March 2020.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting Policies (continued)**

**Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	10 years
----------------------------	----------

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the costs of a business combination, the excess up to the fair value of the non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefited.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements (5 year lease)	20% on straight-line basis
IT Equipment	33% on straight-line basis
Fixtures and equipment	20% on straight-line basis

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting Policies (continued)**

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Turnover**

Revenue for services represents the fair value of legal services provided during the year on client assignments. Fair value reflects the amount expected to be recoverable from clients and is based on time spent, expertise and skills provided and expenses incurred. Revenue is stated net of Value Added Tax and disbursements.

Legal services provided to clients during the period which, at the balance sheet date, have not been invoiced to clients, have been recognised as fee income in accordance with Section 23 Revenue of Financial Reporting Standard 102. Fee income recognised in this manner is based on an assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the engagement.

Unbilled fee income is included as "Unbilled revenue" (accrued income) within debtors. Accrued income is stated at fair value where the right to consideration has been obtained. Provision is made against unbilled amounts on those engagements where the right to receive payments is contingent on factors outside the control of the company. Contingent fee income (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting Policies (continued)**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Employee benefits**

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting Policies (continued)**

**Foreign currency**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. The functional currency is GBP.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

**Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Financial Instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financial transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**1. Accounting Policies (continued)**

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**Dividends**

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

**2. Critical accounting judgements**

In the application of the Company's accounting policies, which are described in note 1, 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.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**2. Critical accounting judgements (continued)**  
**Useful economic lives of fixed assets**

Estimated useful economic lives of fixed assets are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Asset lives and residual values are reviewed annually and historically changes to remaining estimates of useful lives have not been material.

**Contract accounting**

The Company's services can span the period end date. This requires an estimate of the fees and cost to complete to be made over the percentage completion of the service contract at the year end.

**Software development costs**

Software development costs are recognised as an intangible asset when all of the capitalisation criteria are demonstrated which required judgement to be exercised.

**3. Interest payable and similar expense**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other interest payable	52,000	54,000

**4. Profit on ordinary activities before taxation**

**Profit on ordinary activities before taxation is stated after charging:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets (note 8)	119,554	106,185
Amortisation of intangible assets (note 7)	47,771	47,200
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	27,500	24,000
Fees payable to the Company's auditor for services pursuant to legislation (SRA accounts rules)	18,000	16,000

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**5. Staff costs**

Total staff costs, including Directors

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,758,334	4,565,937
Social security costs	509,208	482,821
Pension costs	<u>468,704</u>	<u>490,008</u>
	<u><b>5,736,246</b></u>	<u><b>5,538,766</b></u>

The average monthly number of employees, including directors, during the period was 138 (2019: 135).

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**6. a) Tax on profits on ordinary activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the period at 19%	3,184	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	10,888	-
<b>Tax on profit on ordinary activities</b>	<u>14,072</u>	<u>-</u>

**b) Reconciliation of corporation tax charge**

Tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%. (2019: 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Profit on ordinary activities before tax</b>	218,102	203,047
<del>Tax on profits on ordinary activities at standard rate of corporation tax of 19%</del>	<del>41,439</del>	<del>38,579</del>
<i>Effects of:</i>		
Depreciation and expenses not deductible for tax purposes	2,478	1,987
Movement on unrecognised deferred tax asset	<u>(29,845)</u>	<u>(40,566)</u>
<b>Tax charge for the year</b>	<u>14,072</u>	<u>-</u>

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**7. Intangible assets**

	<b>Software development costs</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2019	507,982
Additions	35,895
At 31 March 2020	<u>543,877</u>
<b>Accumulated amortisation</b>	
At 1 April 2019	84,102
Charge for the period	47,771
At 31 March 2020	<u>131,873</u>
<b>Net book value</b>	
At 31 March 2020	<u>412,004</u>
<b>Net book value</b>	
At 31 March 2019	<u>423,880</u>

**8. Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Fixtures &amp; equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2019	28,703	156,873	241,958	427,534
Additions	397	1,429	10,940	12,766
At 31 March 2020	<u>29,100</u>	<u>158,302</u>	<u>252,898</u>	<u>440,300</u>
<b>Depreciation</b>				
At 1 April 2019	8,886	62,949	101,512	173,347
Depreciation charge for the period	5,814	31,410	82,330	119,554
At 31 March 2020	<u>14,700</u>	<u>94,359</u>	<u>183,842</u>	<u>292,901</u>
<b>Net book value</b>				
At 31 March 2020	<u>14,400</u>	<u>63,943</u>	<u>69,056</u>	<u>147,399</u>
<b>Net book value</b>				
At 31 March 2019	<u>19,817</u>	<u>93,924</u>	<u>140,446</u>	<u>254,187</u>

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**9. Debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade Debtors	137,418	77,531
Prepayments	374,211	268,065
Accrued income	79,212	276,542
Amounts due from ultimate parent undertaking	1,395,727	899,458
Other Debtors	11,369	3,289
Tax receivable	-	-
	<u>1,997,937</u>	<u>1,524,885</u>

The amounts due from ultimate parent undertaking relate to trade debtors with the parent and are all due to be received in April 2020.

**10. Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade Creditors	147,687	55,597
Social security and other taxes	514,143	380,066
Corporation tax	3,184	-
Other Creditors	71,471	62,932
Accruals	422,756	544,479
Amount owed to fellow subsidiary undertaking	39,000	-
Amount owed to the ultimate parent undertaking	390,244	342,116
	<u>1,588,485</u>	<u>1,385,190</u>

The amounts owed to the fellow subsidiary undertaking and ultimate parent undertaking are repayable on demand, unsecured and accrue no interest.

**11. Creditors: amounts falling due in more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amount owed to ultimate parent undertaking	1,000,000	1,800,000
	<u>1,000,000</u>	<u>1,800,000</u>

The amounts owed to parent undertaking bear an interest of 3% per annum, are unsecured and are repayable between 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2027. Invicta Law has the right to repay all or part of the debt at any time for its carrying amount by giving 28 days' notice to the lender.



**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**12. Provisions for liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred tax at 19%	10,888	-

The amount of the net reversal of deferred tax expected to occur next year is £10,888. This relates to the reversal of existing timing differences on tangible and intangible fixed assets.

**13. Called up share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:		
Ordinary shares of £0.10 each	200,000	200,000

**14. Reserves**

The Profit and loss account includes all current and prior retained profits and losses.

**15. Financial commitments**

At 31 March 2020, the company had total future commitments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Property Plant &amp; Equipment:</b>		
Franking Machine		
Within one year	602	602
Between two to five years	602	1,204
	<u>1,204</u>	<u>1,806</u>

**Land and Buildings:**

Office		
Within one year	215,840	215,840
Between two to five years	215,840	431,680
	<u>431,680</u>	<u>647,520</u>

**16. Capital commitments**

The company had no capital or other commitments at 31 March 2020.

**17. Events after the end of the Reporting Period**

On 1<sup>st</sup> April 2020, the issued share capital was transferred to Kent Holdco Ltd with Kent County Council owning 100% of the issued share capital of Kent Holdco Ltd and therefore continuing to be the ultimate controlling party.

**Invicta Law Limited**  
**Registration No. 10079679**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

**18. Related party transactions**

During the year the company purchased goods and services amounting to £454,734 (2019: £404,009) from Kent County Council and £130,000 from Kent Holdco Ltd. During the year the company sold services to the value of £8,315,231 (2019: £8,341,284) to Kent County Council.

**19. Controlling party**

The ultimate controlling party of the company is Kent County Council who owned 100% of the issued share capital at the year end. On 1 April 2020, the issued share capital was transferred to Kent Holdco Ltd with Kent County Council owning 100% of the issued share capital of Kent Holdco Ltd and therefore continuing to be the ultimate controlling party. These Financial statements have been consolidated into the Financial Statements of Kent County Council and have not been consolidated at any other level within the group structure.