

00378684

**2020 LEGAL LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2017**



## 2020 LEGAL LIMITED

### COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | C D Billing<br>J Humphreys  |
| <b>Company number</b>    | 07629690  |
| <b>Registered office</b> | No1 Europa House<br>Conway Street<br>Birkenhead<br>Wirral<br>Merseyside<br>CH41 4FT   |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>3 Hardman Street<br>Manchester<br>M3 3HF |
| <b>Bankers</b>           | Royal Bank of Scotland plc<br>1 Dale street<br>Liverpool<br>L2 2PP                    |

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## 2020 LEGAL LIMITED

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## 2020 LEGAL LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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The directors present the strategic report for the year ended 30 November 2017.

##### **Business review**

The directors are satisfied with the group's performance and progress during a period of continuing upheaval in the personal injury legal services market. The business remains cash generative despite significant investment for future growth in the newer business areas, although short term profitability and the net liabilities position on the balance sheet are adversely impacted by the amortisation of goodwill arising from the original acquisition of the business from the previous partnership. Further changes are anticipated in the next few years linked to proposed changes in law and regulations in various areas of the personal injury legal services market. The business will need to adapt to these as the details are clarified.

Turnover has reduced by £2,457,884 from the prior year, mainly due to lower volumes of road traffic accident and other personal injury cases as the group has diverted its marketing focus to other case types with longer case durations over the last couple of years. Loss before tax has deteriorated by £782,573 but, stripping out the effect of goodwill amortisation in each year, has deteriorated by £2,035,108. This is due to increased marketing spend on case types with longer average durations and adjustment to accounting estimates for work in progress recognition and bad debt provisioning.

Net liabilities for the group has deteriorated by £2,785,774 due to the increase in loss before tax explained above and movement in the capital contribution reserve linked to the directors loan balances. Cash has increased by £614,476 as the underlying performance of the business is cash generative.

The company has performed a hive up of the trade and net assets of each of the four subsidiary Limited Liability Partnerships ("LLPs") on 30 November 2017.

The company has restated the prior year accounts via a prior year adjustment. Further detail is given in note 30.

##### **Principal risks and uncertainties**

Case outcomes - although the legacy case types have reasonably predictable average success rates, the profitability of the business may be affected by the success rates of the newer case types as well as the successes or failures in the larger group litigation cases it runs.

Regulatory risks - the future trading volumes and profitability of the business may be affected by adverse changes in its regulatory environment.

Financing risks - the business needs to maintain adequate levels of working capital to allow it to manage the impact on its net cash of variations in its trading performance, including in the timing of fees received.

##### **Going Concern**

The company and group have net liabilities and net current liabilities at 30 November 2017. The group remains cash generative despite significant investment in new product lines and there is no current expectation that the group will require any external funding. In any event the group can reduce or suspend marketing expenditure at any point to assist cashflow management, as turnover will continue to be generated from the existing caseload.

Included within net current liabilities is the current portion of the directors' loan of £2,400,000, with a further £2,036,166 due in greater than one year affecting the net liabilities position. The directors have signed a letter of support to confirm they will not require the company to make loan repayments unless it has the available cash to do so.

Post year end the company is trading profitably and anticipates it will do so going forward. At the time of approving the financial statements the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future and the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



C D Billing

**Director**

13 August 2018

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## **2020 LEGAL LIMITED**

### **DIRECTORS' REPORT**

#### ***FOR THE YEAR ENDED 30 NOVEMBER 2017***

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The directors present their annual report and consolidated financial statements for the year ended 30 November 2017.

#### **Principal activities**

The principal activity of the company and group continued to be that of the provision of legal services.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C D Billing

J Humphreys

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### **Financial instruments**

The group uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the accounts reflect the absolute value of amounts recoverable and payable. The directors receive regular reports on these figures in order to manage the group's requirements.

#### **Auditor**

The company has appointed a new auditor for these financial statements, RSM UK Audit LLP. RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 2020 LEGAL LIMITED

### DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 NOVEMBER 2017**

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#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

#### Strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the group's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is noted in the strategic report on page 1.

On behalf of the board



C D Billing

**Director**

13 August 2018

## 2020 LEGAL LIMITED

### INDEPENDENT AUDITOR'S REPORT

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#### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2020 LEGAL LIMITED

##### Opinion

We have audited the financial statements of 2020 Legal Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### Basis for opinion

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

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

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

##### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

## 2020 LEGAL LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **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: <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.

RSM UK Audit LLP

Ian Taylor (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

13 August 2018



## 2020 LEGAL LIMITED

### GROUP PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 NOVEMBER 2017**

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|  |       | 2017               | 2016<br>restated   |
|--|-------|--------------------|--------------------|
|  | Notes | £                  | £                  |
| Turnover                               | 3     | 13,950,669         | 16,408,553         |
| Cost of sales                          |       | (14,418,939)       | (15,091,350)       |
| <b>Gross (loss)/profit</b>             |       | <b>(468,270)</b>   | <b>1,317,203</b>   |
| Administrative expenses                |       | (3,051,876)        | (4,032,221)        |
| Other operating income                 | 3     | 443,957            | 572,451            |
| <b>Operating loss</b>                  | 4     | <b>(3,076,189)</b> | <b>(2,142,567)</b> |
| Interest receivable and similar income | 8     | 99,645             | 2,748              |
| Interest payable and similar charges   | 9     | (222,488)          | (276,640)          |
| <b>Loss before taxation</b>            |       | <b>(3,199,032)</b> | <b>(2,416,459)</b> |
| Taxation                               | 10    | 301,228            | (19,319)           |
| <b>Loss for the financial year</b>     |       | <b>(2,897,804)</b> | <b>(2,435,778)</b> |

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Loss for the financial year is all attributable to the owners of the parent company.

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

# 2020 LEGAL LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

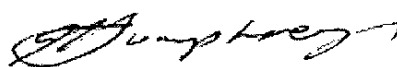
AS AT 30 NOVEMBER 2017

|  |       | 2017              |                    | 2016<br>restated   |   |
|--|-------|-------------------|--------------------|--------------------|---|
|  | Notes | £                 | £                  | £                  | £ |
| <b>Fixed assets</b>  |       |                   |                    |                    |   |
| Goodwill   | 11    |                   | -                  | 1,252,532          |   |
| Tangible assets  | 12    |                   | 53,648             | 122,375            |   |
|  |       |                   | <u>53,648</u>      | <u>1,374,907</u>   |   |
| <b>Current assets</b>  |       |                   |                    |                    |   |
| Work in progress   | 15    | 1,249,000         |                    | 2,258,052          |   |
| Debtors: due after more than one year                          | 16    | 3,907,000         |                    | 4,768,000          |   |
| Debtors: due within one year                                   | 17    | 7,279,355         |                    | 8,272,891          |   |
| Cash at bank and in hand                                       |       | 2,149,066         |                    | 1,534,590          |   |
|  |       | <u>14,584,421</u> |                    | <u>16,833,533</u>  |   |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (18,376,143)      |                    | (18,390,016)       |   |
| <b>Net current liabilities</b>                                 |       |                   | <u>(3,791,722)</u> | <u>(1,556,483)</u> |   |
| <b>Total assets less current liabilities</b>                   |       |                   | <u>(3,738,074)</u> | <u>(181,576)</u>   |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                   | (2,036,166)        | (2,806,890)        |   |
| <b>Net liabilities</b>   |       |                   | <u>(5,774,240)</u> | <u>(2,988,466)</u> |   |
| <b>Capital and reserves</b>                                    |       |                   |                    |                    |   |
| Called up share capital  | 23    |                   | 10,000             | 10,000             |   |
| Capital contribution reserve                                   | 24    |                   | 553,886            | 650,121            |   |
| Profit and loss reserves                                       | 24    |                   | (6,338,126)        | (3,648,587)        |   |
| <b>Total equity</b>  |       |                   | <u>(5,774,240)</u> | <u>(2,988,466)</u> |   |

The financial statements were approved by the board of directors and authorised for issue on 13 August 2018 and are signed on its behalf by:



C D Billing  
Director



J Humphreys  
Director

## 2020 LEGAL LIMITED

### COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2017

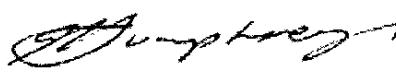
|  | Notes | 2017         |              | 2016<br>restated |           |
|--|-------|--------------|--------------|------------------|-----------|
|  |       | £            | £            | £                | £         |
| <b>Fixed assets</b>  |       |              |              |                  |           |
| Goodwill   | 11    | -            |              | 1,252,532        |           |
| Tangible assets  | 12    | 53,648       |              | 122,375          |           |
| Investments  | 13    | -            |              | -                |           |
|  |       |              | 53,648       |                  | 1,374,907 |
| <b>Current assets</b>  |       |              |              |                  |           |
| Work in progress   | 15    | 1,249,000    | 2,117,444    |                  |           |
| Debtors: due after more than one year                          | 16    | 3,907,000    | 4,768,000    |                  |           |
| Debtors: due within one year                                   | 17    | 7,279,355    | 10,865,061   |                  |           |
| Cash at bank and in hand                                       |       | 2,149,066    | 1,151,045    |                  |           |
|  |       | 14,584,421   | 18,901,550   |                  |           |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (18,376,143) | (16,849,308) |                  |           |
| <b>Net current liabilities</b>                                 |       | (3,791,722)  |              | 2,052,242        |           |
| <b>Total assets less current liabilities</b>                   |       | (3,738,074)  |              | 3,427,149        |           |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (2,036,166)  |              | (2,806,890)      |           |
| <b>Net (liabilities)/assets</b>                                |       | (5,774,240)  |              | 620,259          |           |
| <b>Capital and reserves</b>                                    |       |              |              |                  |           |
| Called up share capital  | 23    | 10,000       | 10,000       |                  |           |
| Capital contribution reserve                                   | 24    | 553,886      | 650,121      |                  |           |
| Profit and loss reserves                                       | 24    | (6,338,126)  | (39,862)     |                  |           |
| <b>Total equity</b>  |       | (5,774,240)  | 620,259      |                  |           |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £6,506,529 (2016 (restated): £1,911,686 loss).

The financial statements were approved by the board of directors and authorised for issue on 13 August 2018 and are signed on its behalf by:



C D Billing  
Director



J Humphreys  
Director

Company Registration No. 07629690

## 2020 LEGAL LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

|  | Share capital | Capital contribution reserve | Profit and loss reserves | Total              |
|--|---------------|------------------------------|--------------------------|--------------------|
|  | £             | £                            | £                        | £                  |
| Balance at 1 December 2015 as previously stated                | 10,000        | 720,291                      | (1,190,553)              | (460,262)          |
| Adjustments in respect of prior years (note 30)                | -             | -                            | (253,000)                | (253,000)          |
| <b>Balance at 1 December 2015 restated</b>                     | <b>10,000</b> | <b>720,291</b>               | <b>(1,443,553)</b>       | <b>(713,262)</b>   |
| <b>Year ended 30 November 2016:</b>                            |               |                              |                          |                    |
| Loss and total comprehensive income for the year               | -             | -                            | (2,435,778)              | (2,435,778)        |
| Transfer relating to amortised cost interest                   | -             | (230,744)                    | 230,744                  | -                  |
| Movement due to directors' loan account repayments in the year | -             | 160,574                      | -                        | 160,574            |
| <b>Balance at 30 November 2016</b>                             | <b>10,000</b> | <b>650,121</b>               | <b>(3,648,587)</b>       | <b>(2,988,466)</b> |
| <b>Year ended 30 November 2017:</b>                            |               |                              |                          |                    |
| Loss and total comprehensive income for the year               | -             | -                            | (2,897,804)              | (2,897,804)        |
| Transfer relating to amortised cost interest                   | -             | (208,265)                    | 208,265                  | -                  |
| Movement due to directors' loan account repayments in the year | -             | 112,030                      | -                        | 112,030            |
| <b>Balance at 30 November 2017</b>                             | <b>10,000</b> | <b>553,886</b>               | <b>(6,338,126)</b>       | <b>(5,774,240)</b> |

## 2020 LEGAL LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

|  | Share capital | Capital contribution reserve | Profit and loss reserves | Total              |
|--|---------------|------------------------------|--------------------------|--------------------|
|  | £             | £                            | £                        | £                  |
| Balance at 1 December 2015 as previously stated                | 10,000        | 720,291                      | 671,080                  | 1,401,371          |
| Adjustments in respect of prior years (note 30)                | -             | -                            | 970,000                  | 970,000            |
| <b>Balance at 1 December 2015 restated</b>                     | <b>10,000</b> | <b>720,291</b>               | <b>1,641,080</b>         | <b>2,371,371</b>   |
| <b>Year ended 30 November 2016:</b>                            |               |                              |                          |                    |
| Loss and total comprehensive income for the year (restated)    | -             | -                            | (1,911,686)              | (1,911,686)        |
| Transfer relating to amortised cost interest                   | -             | (230,744)                    | 230,744                  | -                  |
| Movement due to directors' loan account repayments in the year | -             | 160,574                      | -                        | 160,574            |
| <b>Balance at 30 November 2016</b>                             | <b>10,000</b> | <b>650,121</b>               | <b>(39,862)</b>          | <b>620,259</b>     |
| <b>Year ended 30 November 2017:</b>                            |               |                              |                          |                    |
| Loss and total comprehensive income for the year               | -             | -                            | (6,506,529)              | (6,506,529)        |
| Transfer relating to amortised cost interest                   | -             | (208,265)                    | 208,265                  | -                  |
| Movement due to directors' loan account repayments in the year | -             | 112,030                      | -                        | 112,030            |
| <b>Balance at 30 November 2017</b>                             | <b>10,000</b> | <b>553,886</b>               | <b>(6,338,126)</b>       | <b>(5,774,240)</b> |

## 2020 LEGAL LIMITED

### GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

|   |       | 2017      |           | 2016      |           |
|---|-------|-----------|-----------|-----------|-----------|
|   | Notes | £         | £         | £         | £         |
| <b>Cash flows from operating activities</b>                 |       |           |           |           |           |
| Cash generated from operations                              | 29    |           | 1,446,650 |           | 593,556   |
| Income taxes (paid)/refunded                                |       |           | (80,771)  |           | 138,025   |
| <b>Net cash inflow from operating activities</b>            |       |           | 1,365,879 |           | 731,581   |
| <b>Investing activities</b>                                 |       |           |           |           |           |
| Purchase of tangible fixed assets                           |       | (14,324)  |           | (7,207)   |           |
| Interest received   |       | 47,868    |           | 2,748     |           |
| <b>Net cash used in investing activities</b>                |       |           | 33,544    |           | (4,459)   |
| <b>Financing activities</b>                                 |       |           |           |           |           |
| Repayment of borrowings                                     |       | (770,724) |           | (632,142) |           |
| Interest paid   |       | (14,223)  |           | (13,896)  |           |
| <b>Net cash used in financing activities</b>                |       |           | (784,947) |           | (646,038) |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |           | 614,476   |           | 81,084    |
| Cash and cash equivalents at beginning of year              |       |           | 1,534,590 |           | 1,453,506 |
| <b>Cash and cash equivalents at end of year</b>             |       |           | 2,149,066 |           | 1,534,590 |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 1 Accounting policies

##### Company information

2020 Legal Limited and subsidiaries ("the company") is a private limited company limited by shares domiciled and incorporated in England and Wales. The registered office is No 1 Europa House, Conway Street, Birkenhead, Liverpool, Merseyside. CH41 4FT.

The group consists of 2020 Legal Limited and all of its subsidiaries.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

##### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of 2020 Legal Limited and subsidiaries and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 November 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### **1 Accounting policies (continued)**

##### **1.3 Company statement of comprehensive income**

As permitted by Section 408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

##### **1.4 Going concern**

The company and group have net liabilities and net current liabilities at 30 November 2017. The group remains cash generative despite significant investment in new product lines and there is no current expectation that the group will require any external funding. In any event the group can reduce or suspend marketing expenditure at any point to assist cashflow management, as turnover will continue to be generated from the existing caseload.

Included within net current liabilities is the current portion of the directors' loan of £2,400,000, with a further £2,036,166 due in greater than one year affecting the net liabilities position. The directors have signed a letter of support to confirm they will not require the company to make loan repayments unless it has the available cash to do so.

Post year end the company is trading profitably and anticipates it will do so going forward. At the time of approving the financial statements the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future and the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.5 Turnover**

The majority of turnover represents professional fees which comprise amounts invoiced or billable to clients for professional services provided, excluding value added tax. The vast majority of income is contingent on the occurrence of a specified future event, generally the agreement of fees with the defendant or defendant's representatives, and turnover is only recognised where that contingency has been resolved at the year end.

In addition, but only for road traffic accident and employer or public liability claims where the case has been accepted, has been submitted onto and has not exited the Claims Portal for whatever reason, an estimate is made of the likely recoverable amount and included within turnover.

##### **1.6 Intangible fixed assets - goodwill**

Goodwill represents the premium paid over and above the net assets acquired on 1 July 2011.

Amortisation is calculated so as to write off the cost of the asset less its estimated residual value over the useful economic life of that asset which is currently estimated to be 6 years. The directors have calculated the pay back time of the goodwill as 6 years.



## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 1 Accounting policies (continued)

##### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                       |                   |
|-----------------------|-------------------|
| Property improvements | 10% straight line |
| Fixtures & fittings   | 15% straight line |
| Computer equipment    | 33% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### **1 Accounting policies (continued)**

##### **1.9 Work in progress**

Work in progress represents the difference between amounts recognised as turnover in line with the turnover policy (see note 1.5) and amounts already billed to clients.

##### **1.10 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

##### **1.11 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors, amounts due from group undertakings and related parties and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Other financial assets***

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 1 Accounting policies (continued)

##### 1.11 Financial instruments (continued)

###### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

###### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from related parties are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

###### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

##### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 1 Accounting policies (continued)

##### 1.13 Taxation (continued)

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### 1.17 Investments

Investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the *carrying amount 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 key estimates for the business are work in progress recognition and debtor provisioning. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 3 Turnover and other operating income

|                               | 2017<br>£  | 2016<br>restated<br>£ |
|-------------------------------|------------|-----------------------|
| <b>Turnover</b>               |            |                       |
| Total turnover                | 13,950,669 | 16,408,553            |
|                               | <hr/>      | <hr/>                 |
| <b>Other operating income</b> |            |                       |
| Fee share arrangements        | 25,957     | 25,942                |
| Management charges receivable | 418,000    | 546,509               |
|                               | <hr/>      | <hr/>                 |
| Total other operating income  | 443,957    | 572,451               |
|                               | <hr/>      | <hr/>                 |

#### 4 Operating loss

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| Operating loss for the year is stated after charging/(crediting): |           |           |
| Depreciation of owned tangible fixed assets                       | 83,051    | 150,147   |
| Amortisation of intangible assets                                 | 1,252,532 | 2,505,067 |
| Operating lease charges   | 310,013   | 369,451   |
|   | <hr/>     | <hr/>     |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

##### 5 Auditor's remuneration

|   | 2017          | 2016          |
|---|---------------|---------------|
|   | £             | £             |
| Fees payable to the company's auditor and associates:           |               |               |
| <b>For audit services</b>                                       |               |               |
| Audit of the financial statements of the group and company      | 20,000        | 14,750        |
| Audit of the financial statements of the company's subsidiaries | -             | 4,750         |
|   | <u>20,000</u> | <u>19,500</u> |
| <b>For other services</b>                                       |               |               |
| Audit-related assurance services                                | 13,000        | 14,000        |
| Taxation compliance services                                    | 5,050         | 2,000         |
| Other taxation services   | 250           | 7,500         |
| All other non-audit services                                    | 10,000        | 13,500        |
|   | <u>28,300</u> | <u>37,000</u> |

##### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

|                | Group<br>2017<br>Number | 2016<br>Number | Company<br>2017<br>Number | 2016<br>Number |
|----------------|-------------------------|----------------|---------------------------|----------------|
| Fee earners    | 182                     | 196            | 182                       | 196            |
| Administration | 53                      | 56             | 53                        | 56             |
|                | <u>235</u>              | <u>252</u>     | <u>235</u>                | <u>252</u>     |

Their aggregate remuneration comprised:

|                       | Group<br>2017<br>£ | 2016<br>£        | Company<br>2017<br>£ | 2016<br>£        |
|-----------------------|--------------------|------------------|----------------------|------------------|
| Wages and salaries    | 5,984,627          | 6,343,762        | 5,984,627            | 6,343,762        |
| Social security costs | 542,563            | 607,104          | 542,563              | 607,104          |
| Pension costs         | 30,188             | 29,100           | 30,188               | 29,100           |
|                       | <u>6,557,378</u>   | <u>6,979,966</u> | <u>6,557,378</u>     | <u>6,979,966</u> |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 7 Directors' remuneration

|   | 2017<br>£     | 2016<br>£     |
|---|---------------|---------------|
| Remuneration for qualifying services                          | 32,633        | 31,253        |
| Company pension contributions to defined contribution schemes | 162           | 148           |
|   | <u>32,795</u> | <u>31,401</u> |

Retirement benefits are accruing under defined contribution schemes for 2 (2016: 2) directors.

#### 8 Interest receivable and similar income

|   | 2017<br>£     | 2016<br>£    |
|---|---------------|--------------|
| Interest on bank deposits                 | 1,342         | 2,748        |
| Interest on cost settlements              | 46,303        | -            |
| Discounting of financial assets (note 16) | 52,000        | -            |
|   | <u>99,645</u> | <u>2,748</u> |

#### 9 Interest payable and similar charges

|   | 2017<br>£      | 2016<br>restated<br>£ |
|---|----------------|-----------------------|
| Bank charges and interest                 | 14,223         | 13,896                |
| Other interest on financial liabilities   | 208,265        | 230,744               |
| Discounting of financial assets (note 16) | -              | 32,000                |
|   | <u>222,488</u> | <u>276,640</u>        |

The other interest on financial liabilities relates to the amortised cost of the directors' loan accounts which is released annually through the profit and loss account until the loans are fully repaid.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 10 Taxation

|  | 2017             | 2016<br>restated |
|--|------------------|------------------|
|  | £                | £                |
| <b>Current tax</b>                                   |                  |                  |
| UK corporation tax on profits for the current period | -                | 62,550           |
| Adjustments in respect of prior periods              | (44,194)         | (33,231)         |
| Total current tax                                    | <u>(44,194)</u>  | <u>29,319</u>    |
| <b>Deferred tax</b>                                  |                  |                  |
| Origination and reversal of timing differences       | (291,851)        | (14,227)         |
| Deferred tax adjustment in respect of prior periods  | 34,817           | 4,227            |
| Total deferred tax (note 21)                         | <u>(257,034)</u> | <u>(10,000)</u>  |
| Total tax charge/(credit)                            | <u>(301,228)</u> | <u>19,319</u>    |

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

|  | 2017               | 2016               |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Loss before taxation   | <u>(3,199,032)</u> | <u>(2,416,459)</u> |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%) | (618,424)          | (482,892)          |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 272,793            | 553,888            |
| Adjustments in respect of prior years  | (44,194)           | (33,231)           |
| Research and development tax credit  | (6,680)            | (22,673)           |
| Loss carried back  | 60,460             | -                  |
| Deferred tax adjustments in respect of prior years   | 34,817             | 4,227              |
| Taxation (credit)/charge for the year  | <u>(301,228)</u>   | <u>19,319</u>      |



## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 11 Intangible fixed assets

| Group                                   | Goodwill<br>£         |
|---|-----------------------|
| <b>Cost</b>                             |                       |
| At 1 December 2016 and 30 November 2017 | 15,030,400            |
| <b>Amortisation and impairment</b>      |                       |
| At 1 December 2016                      | 13,777,868            |
| Amortisation charged for the year       | 1,252,532             |
| At 30 November 2017                     | 15,030,400            |
| <b>Carrying amount</b>                  |                       |
| At 30 November 2017                     | -                     |
| At 30 November 2016                     | 1,252,532             |
| <b>Company</b>                          | <b>Goodwill<br/>£</b> |
| <b>Cost</b>                             |                       |
| At 1 December 2016 and 30 November 2017 | 15,030,400            |
| <b>Amortisation and impairment</b>      |                       |
| At 1 December 2016                      | 13,777,868            |
| Amortisation charged for the year       | 1,252,532             |
| At 30 November 2017                     | 15,030,400            |
| <b>Carrying amount</b>                  |                       |
| At 30 November 2017                     | -                     |
| At 30 November 2016                     | 1,252,532             |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 12 Tangible fixed assets

| Group                                      | Property<br>improvements<br>£ | Fixtures &<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|--|-------------------------------|-----------------------------|----------------------------|------------|
| <b>Cost</b>                                |                               |                             |                            |            |
| At 1 December 2016                         | 23,033                        | 475,975                     | 1,175,302                  | 1,674,310  |
| Additions                                  | -                             | 6,425                       | 7,899                      | 14,324     |
| At 30 November 2017                        | 23,033                        | 482,400                     | 1,183,201                  | 1,688,634  |
| <b>Depreciation and impairment</b>         |                               |                             |                            |            |
| At 1 December 2016                         | 23,033                        | 424,174                     | 1,104,728                  | 1,551,935  |
| Depreciation charged in the year           | -                             | 26,743                      | 56,308                     | 83,051     |
| At 30 November 2017                        | 23,033                        | 450,917                     | 1,161,036                  | 1,634,986  |
| <b>Carrying amount</b>                     |                               |                             |                            |            |
| At 30 November 2017                        | -                             | 31,483                      | 22,165                     | 53,648     |
| At 30 November 2016                        | -                             | 51,801                      | 70,574                     | 122,375    |
| <b>Company</b>                             |                               |                             |                            |            |
|  | Property<br>improvements<br>£ | Fixtures &<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
| <b>Cost</b>                                |                               |                             |                            |            |
| At 1 December 2016                         | 23,033                        | 475,399                     | 1,175,302                  | 1,673,734  |
| Additions                                  | -                             | 6,425                       | 7,899                      | 14,324     |
| Assets received on hive up of subsidiaries | -                             | 576                         | -                          | 576        |
| At 30 November 2017                        | 23,033                        | 482,400                     | 1,183,201                  | 1,688,634  |
| <b>Depreciation and impairment</b>         |                               |                             |                            |            |
| At 1 December 2016                         | 23,033                        | 423,598                     | 1,104,728                  | 1,551,359  |
| Depreciation charged in the year           | -                             | 26,743                      | 56,308                     | 83,051     |
| Assets received on hive up of subsidiaries | -                             | 576                         | -                          | 576        |
| At 30 November 2017                        | 23,033                        | 450,917                     | 1,161,036                  | 1,634,986  |
| <b>Carrying amount</b>                     |                               |                             |                            |            |
| At 30 November 2017                        | -                             | 31,483                      | 22,165                     | 53,648     |
| At 30 November 2016                        | -                             | 51,801                      | 70,574                     | 122,375    |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 13 Investments

| Company                        | Total     |
|--------------------------------|-----------|
|                                | £         |
| <b>Cost</b>                    |           |
| At 1 December 2016             | -         |
| Additions                      | 3,331,153 |
| At 30 November 2017            | 3,331,153 |
| <b>Impairment</b>              |           |
| At 1 December 2016             | -         |
| Impairment charged in the year | 3,331,153 |
| At 30 November 2017            | 3,331,153 |
| At 30 November 2017            | -         |
| At 30 November 2016            | -         |

As part of the hive up of the subsidiary Limited Liability Partnerships ("LLPs") loan balances due from the LLPs to the company were forgiven by means of an increase to the investment the company holds.

As the trade and net assets of the LLPs have been transferred to the company an impairment charge was booked to write down this investment to nil as the LLPs have no value at 30 November 2017.

#### 14 Financial instruments

|   | Group<br>2017 | Group<br>2016<br>restated | Company<br>2017 | Company<br>2016<br>restated |
|---|---------------|---------------------------|-----------------|-----------------------------|
|   | £             | £                         | £               | £                           |
| <b>Carrying amount of financial assets</b>      |               |                           |                 |                             |
| Debt instruments measured at amortised cost     | 10,535,800    | 12,917,335                | 10,535,800      | 15,514,316                  |
| <b>Carrying amount of financial liabilities</b> |               |                           |                 |                             |
| Measured at amortised cost                      | 17,771,054    | 17,868,110                | 17,771,054      | 16,480,269                  |

#### 15 Work in progress

|                  | Group<br>2017 | Group<br>2016 | Company<br>2017 | Company<br>2016 |
|------------------|---------------|---------------|-----------------|-----------------|
|                  | £             | £             | £               | £               |
| Work in progress | 1,249,000     | 2,258,052     | 1,249,000       | 2,117,444       |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 16 Debtors: due after more than one year

|   | 2017      | 2016<br>restated |
|---|-----------|------------------|
| Group and Company                                     | £         | £                |
| Undiscounted trade debtors falling due after one year | 4,140,000 | 5,053,000        |
| Discounting under effective interest rate method      | (233,000) | (285,000)        |
| Discounted trade debtors falling due after one year   | 3,907,000 | 4,768,000        |

|   | Group and company |                  |
|---|-------------------|------------------|
|   | 2017              | 2016<br>restated |
| Movements in discounting during the year: | £                 | £                |
| Discounting at 1 December                 | 285,000           | 253,000          |
| (Credit)/debit to profit or loss          | (52,000)          | 32,000           |
| Discounting at 30 November                | 233,000           | 285,000          |

Discounting has been applied using the effective interest method and a discount rate of 4% (2016: 4%).

#### 17 Debtors: due within one year

|                                     | Group<br>2017 | Group<br>2016<br>restated | Company<br>2017 | Company<br>2016<br>restated |
|-------------------------------------|---------------|---------------------------|-----------------|-----------------------------|
|                                     | £             | £                         | £               | £                           |
| Trade debtors                       | 6,627,700     | 8,064,501                 | 6,627,700       | 5,820,741                   |
| Corporation tax recoverable         | 160,750       | 35,786                    | 160,750         | 35,786                      |
| Amounts due from group undertakings | -             | -                         | -               | 4,840,741                   |
| Amounts due from related parties    | 1,100         | 84,834                    | 1,100           | 84,834                      |
| Other debtors                       | -             | 212                       | -               | 212                         |
| Prepayments and accrued income      | 197,770       | 52,558                    | 197,770         | 47,747                      |
| Deferred tax asset (note 21)        | 292,035       | 35,000                    | 292,035         | 35,000                      |
|                                     | 7,279,355     | 8,272,891                 | 7,279,355       | 10,865,061                  |

Trade debtors and debtors due after more than one year are stated net of a provision of £2,760,000 (2016: £2,159,000).

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

##### 18 Creditors: amounts falling due within one year

|                                    | Group<br>2017<br>£ | Group<br>2016<br>restated<br>£ | Company<br>2017<br>£ | Company<br>2016<br>restated<br>£ |
|------------------------------------|--------------------|--------------------------------|----------------------|----------------------------------|
| Trade creditors                    | 6,123,468          | 6,734,765                      | 6,123,468            | 5,373,474                        |
| Amounts due to related parties     | 7,570,674          | 7,486,810                      | 7,570,674            | 7,486,810                        |
| Other taxation and social security | 605,089            | 521,906                        | 605,089              | 369,039                          |
| Other creditors                    | 2,422,773          | 2,424,234                      | 2,422,773            | 2,423,984                        |
| Accruals and deferred income       | 1,654,139          | 1,222,301                      | 1,654,139            | 1,196,001                        |
|                                    | <u>18,376,143</u>  | <u>18,390,016</u>              | <u>18,376,143</u>    | <u>16,849,308</u>                |

The bank facilities are secured by way of a mortgage debenture incorporating a fixed and floating charge over all current and future assets of the group.

##### 19 Creditors: amounts falling due after more than one year

|                  | Note | Group and Company |                  |
|------------------|------|-------------------|------------------|
|                  |      | 2017<br>£         | 2016<br>£        |
| Other borrowings | 20   | <u>2,036,166</u>  | <u>2,806,890</u> |

##### 20 Loans and overdrafts

|             | Group and Company |                  |
|-------------|-------------------|------------------|
|             | 2017<br>£         | 2016<br>£        |
| Other loans | <u>4,436,166</u>  | <u>5,206,890</u> |

Each director's loan account is repayable at £100,000 per month, subject to variations agreed by the directors from time to time. The unpaid balances attract a rate of interest at 4% above the Bank of England's base rate.

The current portion of the loan of £2,400,000 (2016: £2,400,000) is disclosed within note 18 as other creditors. The amount falling due after more than one year of £2,036,166 (2016: £2,806,890) is disclosed as other borrowings within note 19. The undiscounted balance of the loan at 30 November 2017 is £4,990,052 (2016: £5,857,011).

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

|                                | <b>Assets<br/>2017<br/>£</b>            | <b>Assets<br/>2016<br/>£</b> |
|--------------------------------|---|------------------------------|
| <b>Group and Company</b>       |   |                              |
| Accelerated capital allowances | 36,953                                  | 35,000                       |
| Tax losses carried forward     | 255,081                                 | -                            |
| Total deferred tax             | <u>292,034</u>                          | <u>35,000</u>                |
|                                | <b>Group and company<br/>2017<br/>£</b> | <b>2016<br/>£</b>            |
| <b>Movements in the year:</b>  |   |                              |
| Asset at 1 December 2016       | 35,000                                  | 25,000                       |
| Credit to profit or loss       | <u>257,034</u>                          | <u>10,000</u>                |
| Asset at 30 November 2017      | <u>292,034</u>                          | <u>35,000</u>                |

The company has recognised the deferred tax asset of £255,081 (2016: £nil) as it is expecting to make sufficient profits to utilise this asset in the next 12 months.

#### 22 Retirement benefit schemes

|   | <b>Group and Company<br/>2017<br/>£</b> | <b>2016<br/>£</b> |
|---|---|-------------------|
| <b>Defined contribution schemes</b>                                 |   |                   |
| Charge to profit or loss in respect of defined contribution schemes | <u>30,188</u>                           | <u>29,100</u>     |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 23 Share capital

|                                   | Group and company |        |
|-----------------------------------|-------------------|--------|
|                                   | 2017              | 2016   |
|                                   | £                 | £      |
| Ordinary share capital            |                   |        |
| Issued and fully paid             |                   |        |
| 10,000 ordinary shares of £1 each | 10,000            | 10,000 |

#### 24 Reserves

##### *Capital contribution reserve*

This reserve holds the cumulative effect of the discounting of the directors loan, recorded as a capital contribution to the company. This reserve will unwind as the directors loan is paid off.

##### *Profit and loss reserves*

This reserve has the cumulative profits and losses of the company/group.

#### 25 Operating lease commitments

##### **Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | Group and Company |                |
|----------------------------|-------------------|----------------|
|                            | 2017              | 2016           |
|                            | £                 | £              |
| Within one year            | 181,861           | 146,628        |
| Between two and five years | 372,399           | 264,204        |
| In over five years         | 186,103           | 209,638        |
|                            | <u>740,363</u>    | <u>620,470</u> |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 26 Related party transactions

##### (i) Companies related to key management personnel

C D Billing and J Humphreys, directors of this company, are also directors of several other companies which therefore meet the definition of related parties associated with key management personnel as defined by FRS 102. The following aggregated transactions occurred with related parties of this nature:

|   | 2017<br>£          | 2016<br>£          |
|---|--------------------|--------------------|
| Brought forward net creditor                              | (7,401,976)        | (7,676,744)        |
| Invoices received from related party (gross of VAT)       | (4,454,197)        | (6,777,257)        |
| Payments made to related party (gross of VAT)             | 4,340,313          | 6,385,272          |
| Monies loaned to/(received from) related parties          | (454,900)          | 10,942             |
| Management charges (accrued net of VAT)                   | 418,000            | 546,509            |
| VAT on management charges (credited)/invoiced in the year | (14,000)           | 109,302            |
| Hived up balances from subsidiaries                       | (2,814)            | -                  |
|   | <u>(7,569,574)</u> | <u>(7,401,976)</u> |
| Carried forward net creditor                              | (7,569,574)        | (7,401,976)        |

##### (ii) Limited Liability Partnerships under the control of 2020 Legal Limited

The company has interests in four Limited Liability Partnerships, which are consolidated into these accounts. These Limited Liability Partnerships meet the definition of a related party as defined by FRS 102 due to the company exerting control over them. The following aggregated transactions occurred with related parties of this nature:

|  | 2017<br>£   | 2016<br>£        |
|--|-------------|------------------|
| Brought forward debtor                     | 4,840,741   | 5,052,551        |
| Monies received from related parties       | (2,674,377) | (1,947,355)      |
| Management charges (accrued net of VAT)    | 1,164,789   | 1,735,545        |
| Balances netted during hive up transaction | (3,331,153) | -                |
|  | <u>-</u>    | <u>4,840,741</u> |
| Carried forward debtor                     | -           | 4,840,741        |



## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 27 Ultimate controlling party

The company is under the control of C D Billing and J Humphreys, who are the directors and shareholders of the company.

#### 28 Minority interest

The company has the following interests in four Limited Liability Partnerships:

AACH Legal Services LLP, incorporated in England and Wales, company number OC378654 - 80%\*  
Accidentally Injured Legal Services LLP, incorporated in England and Wales, company number OC382131 - 80%\*  
M&R Legal Services LLP, incorporated in England and Wales, company number OC378655 - 80%\*  
Perfect North Legal Services LLP, incorporated in England and Wales, company number OC380149 - 80%\*

The accounts of each of the Limited Liability Partnerships have been consolidated as group undertakings recognising all of the results of those entities. Each was entitled to exemption from audit under section 479A of the Companies Act 2006 - Audit Exemption of a Subsidiary Undertaking.

The LLP agreement limits the liability of each member to that of the capital provided. The profit or loss for the year from each of the Limited Liability Partnerships has therefore been allocated as to 100% to 2020 Legal Limited. A member of each Limited Liability Partnership is only liable for the amount of subscribed capital and therefore a debtor for the minority interest is not included.

\*As part of the restructure of the group around the year end the minority stakeholder in each case has resigned or been removed as a member on the dates given below, increasing the interest the company has to 100%:

|   |                  |
|---|------------------|
| AACH Legal Services LLP                 | 4 May 2018       |
| Accidentally Injured Legal Services LLP | 24 November 2017 |
| M&R Legal Services LLP                  | 24 November 2017 |
| Perfect North Legal Services LLP        | 22 June 2018     |

#### 29 Cash generated from group operations

|  | 2017             | 2016<br>restated |
|--|------------------|------------------|
|  | £                | £                |
| Loss for the year after tax                          | (2,897,804)      | (2,435,778)      |
| Adjustments for:                                     |                  |                  |
| Taxation (credited)/charged                          | (301,228)        | 19,319           |
| Finance costs  | 222,488          | 276,640          |
| Investment income                                    | (47,868)         | (2,748)          |
| Amortisation and impairment of intangible assets     | 1,252,532        | 2,505,067        |
| Depreciation and impairment of tangible fixed assets | 83,051           | 150,147          |
| Movements in working capital:                        |                  |                  |
| Decrease/(Increase) in work in progress              | 1,009,052        | (146,458)        |
| Decrease in debtors                                  | 2,236,534        | 3,453,176        |
| Decrease in creditors                                | (110,107)        | (3,225,809)      |
| <b>Cash generated from operations</b>                | <b>1,446,650</b> | <b>593,556</b>   |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

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#### 30 Prior year restatement

The company has included a number of prior year adjustments in the accounts as follows:

##### **Prior year restatement due to error:**

##### **Group and company**

- A. In the prior year, the company omitted an accrual for a payroll expense incurred after 30 November 2016 but for which the company had the benefit of the employees' services during the year ended 30 November 2016. This represented a material error and as such the comparative figures have been amended, including the effect on taxation for the prior year. The equivalent amount was correctly accrued at 30 November 2015 so there is no adjustment to the brought forward position ("PYA A").
- B. The company has adjusted prior year trade debtors and trade creditors to remove balances relating to insurance policies taken out on behalf of our clients. These were not assets and liabilities of the company but were mistakenly included as such. ("PYA B").
- C. The company has corrected an error where there was no FRS 102 transitional adjustment to separately disclose and discount debtors falling due in more than one year. The equivalent adjustment has been applied to November 2016 and November 2015 ("PYA C").

##### **Company**

- D. The company's accounting policy for recharging costs to the four subsidiary Limited Liability Partnerships ("LLPs") takes the central costs of the group that are incurred by the company and applies an appropriate mechanism (via live case numbers) for allocating these costs to each subsidiary. In prior years this calculation was performed incorrectly, as instead of following this policy, a simplified calculation was performed which involved allocating certain staff members to each subsidiary, with an arbitrary 50% mark-up percentage to cover central overheads applied to their salary cost. This was not in line with the policy and did not evaluate the true magnitude of a fair, arm's length recharge. As these subsidiaries are 100% consolidated into the group accounts, adjusting for this only affects the company accounts, but, given the magnitude of the error, the company and each of the LLPs' results were materially misstated. During the current year the calculation has been corrected and recalculations made for the previous years ("PYA D").

##### **Prior year adjustment due to change in accounting policy:**

##### **Group**

- E. The company has reviewed the categorisation of costs within the group profit and loss account in the current year. The new classification more closely reflects the true substance and nature of the transactions. This constitutes a change in accounting policy, so the comparative profit and loss account has been restated accordingly ("PYA E").

The effects of the prior year adjustments on the primary statements are set out on the following pages. There is no effect on the group statement of cash flows in addition to the adjustments to the group profit and loss account disclosed.

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 30 Prior year restatement (continued)

##### Group profit and loss account:

|  | 2016 as<br>previously<br>stated<br>£ | PYA A<br>£       | PYA C<br>£      | PYA E<br>£         | 2016<br>Restated<br>£ |
|--|--------------------------------------|------------------|-----------------|--------------------|-----------------------|
| Turnover   | 16,262,295                           | -                | -               | 146,258            | 16,408,553            |
| Cost of sales                                      | (12,914,592)                         | (491,000)        | -               | (1,685,758)        | (15,091,350)          |
| <b>Gross profit</b>                                | <b>3,347,703</b>                     | <b>(491,000)</b> | <b>-</b>        | <b>(1,539,500)</b> | <b>1,317,203</b>      |
| Administrative expenses                            | (5,585,617)                          | -                | -               | 1,553,396          | (4,032,221)           |
| Other operating income                             | 572,451                              | -                | -               | -                  | 572,451               |
| <b>Operating loss</b>                              | <b>(1,665,463)</b>                   | <b>(491,000)</b> | <b>-</b>        | <b>13,896</b>      | <b>(2,142,567)</b>    |
| Interest receivable and similar income             | 2,748                                | -                | -               | -                  | 2,748                 |
| Interest payable and similar charges               | (230,744)                            | -                | (32,000)        | (13,896)           | (276,640)             |
| <b>Loss on ordinary activities before taxation</b> | <b>(1,893,459)</b>                   | <b>(491,000)</b> | <b>(32,000)</b> | <b>-</b>           | <b>(2,416,459)</b>    |
| Taxation on profit on ordinary activities          | (117,519)                            | 98,200           | -               | -                  | (19,319)              |
| <b>Loss on ordinary activities after taxation</b>  | <b>(2,010,978)</b>                   | <b>(392,800)</b> | <b>(32,000)</b> | <b>-</b>           | <b>(2,435,778)</b>    |

##### Group statement of changes in equity:

|  | Share capital<br>£ | Capital<br>contribution<br>reserve<br>£ | Profit and loss<br>reserves<br>£ | Total<br>£         |
|--|--------------------|---|----------------------------------|--------------------|
| Balance at 1 December 2015 as previously stated                | 10,000             | 720,291                                 | (1,190,553)                      | (460,262)          |
| PYA C  | -                  | -                                       | (253,000)                        | (253,000)          |
| <b>Balance at 1 December 2015 restated</b>                     | <b>10,000</b>      | <b>720,291</b>                          | <b>(1,443,553)</b>               | <b>(713,262)</b>   |
| <b>Year ended 30 November 2016:</b>                            |                    |   |                                  |                    |
| Loss and total comprehensive income for the year (restated)    | -                  | -                                       | (2,435,778)                      | (2,435,778)        |
| Transfer relating to amortised cost interest                   | -                  | (230,744)                               | 230,744                          | -                  |
| Movement due to directors' loan account repayments in the year | -                  | 160,574                                 | -                                | 160,574            |
| <b>Balance at 30 November 2016</b>                             | <b>10,000</b>      | <b>650,121</b>                          | <b>(3,648,587)</b>               | <b>(2,988,466)</b> |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 30 Prior year restatement (continued)

##### Group statement of financial position:

|   | 2016 as<br>previously<br>stated<br>£ | PYA A<br>£       | PYA B<br>£  | PYA C<br>£       | 2016<br>Restated<br>£ |
|---|--------------------------------------|------------------|-------------|------------------|-----------------------|
| Goodwill  | 1,252,532                            | -                | -           | -                | 1,252,532             |
| Tangible assets   | 122,375                              | -                | -           | -                | 122,375               |
|   | 1,374,907                            | -                | -           | -                | 1,374,907             |
| Work in progress  | 2,258,052                            | -                | -           | -                | 2,258,052             |
| Debtors: due after more than one year                   | -                                    | -                | -           | 4,768,000        | 4,768,000             |
| Debtors: due within one year                            | 19,675,105                           | 35,786           | (6,385,000) | (5,053,000)      | 8,272,891             |
| Cash at bank and in hand                                | 1,534,590                            | -                | -           | -                | 1,534,590             |
|   | 23,467,747                           | 35,786           | (6,385,000) | (285,000)        | 16,833,533            |
| Creditors: amounts falling due within one year          | (24,346,430)                         | (428,586)        | 6,385,000   | -                | (18,390,016)          |
| <b>Net current liabilities</b>                          | <b>(878,683)</b>                     | <b>(392,800)</b> | <b>-</b>    | <b>(285,000)</b> | <b>(1,556,483)</b>    |
| <b>Total assets less current liabilities</b>            | <b>496,224</b>                       | <b>(392,800)</b> | <b>-</b>    | <b>(285,000)</b> | <b>(181,576)</b>      |
| Creditors: amounts falling due after more than one year | (2,806,890)                          | -                | -           | -                | (2,806,890)           |
| <b>Net liabilities</b>                                  | <b>(2,310,666)</b>                   | <b>(392,800)</b> | <b>-</b>    | <b>(285,000)</b> | <b>(2,988,466)</b>    |
| <b>Capital and reserves</b>                             |                                      |                  |             |                  |                       |
| Called up share capital                                 | 10,000                               | -                | -           | -                | 10,000                |
| Capital contribution reserve                            | 650,121                              | -                | -           | -                | 650,121               |
| Profit and loss reserve                                 | (2,970,787)                          | (392,800)        | -           | (285,000)        | (3,648,587)           |
|   | (2,310,666)                          | (392,800)        | -           | (285,000)        | (2,988,466)           |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 30 Prior year restatement (continued)

##### Company profit and loss account:

As permitted by s408 Companies Act 2006, the company has elected not to present a company only profit and loss account. The effect of the prior year adjustments on the disclosed loss on ordinary activities after taxation is as follows:

|  | 2016 as<br>previously<br>stated<br>£ | PYA A<br>£ | PYA C<br>£ | PYA D<br>£ | 2016<br>Restated<br>£ |
|--|--------------------------------------|------------|------------|------------|-----------------------|
| Loss on ordinary activities after taxation | (2,980,886)                          | (392,800)  | (32,000)   | 1,494,000  | (1,911,686)           |

##### Company statement of changes in equity:

|  | Share capital<br>£ | Capital<br>contribution<br>reserve<br>£ | Profit and loss<br>reserves<br>£ | Total<br>£       |
|--|--------------------|---|----------------------------------|------------------|
| Balance at 1 December 2015 as previously stated                | 10,000             | 720,291                                 | 671,080                          | 1,401,371        |
| PYA C  | -                  | -                                       | (253,000)                        | (253,000)        |
| PYA D  | -                  | -                                       | 1,223,000                        | 1,223,000        |
| <b>Balance at 1 December 2015 restated</b>                     | <b>10,000</b>      | <b>720,291</b>                          | <b>1,641,080</b>                 | <b>2,371,371</b> |
| <b>Year ended 30 November 2016:</b>                            |                    |   |                                  |                  |
| Loss and total comprehensive income for the year (restated)    | -                  | -                                       | (1,911,686)                      | (1,911,686)      |
| Transfer relating to amortised cost interest                   | -                  | (230,744)                               | 230,744                          | -                |
| Movement due to directors' loan account repayments in the year | -                  | 160,574                                 | -                                | 160,574          |
| <b>Balance at 30 November 2016</b>                             | <b>10,000</b>      | <b>650,121</b>                          | <b>(39,862)</b>                  | <b>620,259</b>   |

## 2020 LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 NOVEMBER 2017

#### 30 Prior year restatement (continued)

##### Company statement of financial position:

|   | 2016 as<br>previously<br>stated<br>£ | PYA A<br>£       | PYA B<br>£         | PYA C<br>£       | PYA D<br>£       | 2016<br>Restated<br>£ |
|---|--------------------------------------|------------------|--------------------|------------------|------------------|-----------------------|
| Goodwill  | 1,252,532                            | -                | -                  | -                | -                | 1,252,532             |
| Tangible assets   | 122,375                              | -                | -                  | -                | -                | 122,375               |
| Investments   | -                                    | -                | -                  | -                | -                | -                     |
|   | <u>1,374,907</u>                     | <u>-</u>         | <u>-</u>           | <u>-</u>         | <u>-</u>         | <u>1,374,907</u>      |
| Work in progress  | 2,117,444                            | -                | -                  | -                | -                | 2,117,444             |
| Debtors: due after more<br>than one year                      | -                                    | -                | -                  | 4,768,000        | -                | 4,768,000             |
| Debtors: due within one<br>year                               | 19,550,275                           | 35,786           | (6,385,000)        | (5,053,000)      | 2,717,000        | 10,865,061            |
| Cash at bank and in hand                                      | 1,151,045                            | -                | -                  | -                | -                | 1,151,045             |
|   | <u>22,818,764</u>                    | <u>35,786</u>    | <u>(6,385,000)</u> | <u>(285,000)</u> | <u>2,717,000</u> | <u>18,901,550</u>     |
| Creditors: amounts falling<br>due within one year             | (22,805,722)                         | (428,586)        | 6,385,000          | -                | -                | (16,849,308)          |
| <b>Net current assets</b>                                     | <u>13,042</u>                        | <u>(392,800)</u> | <u>-</u>           | <u>(285,000)</u> | <u>2,717,000</u> | <u>2,052,242</u>      |
| <b>Total assets less current<br/>liabilities</b>              | <u>1,387,949</u>                     | <u>(392,800)</u> | <u>-</u>           | <u>(285,000)</u> | <u>2,717,000</u> | <u>3,427,149</u>      |
| Creditors: amounts falling<br>due after more than one<br>year | (2,806,890)                          | -                | -                  | -                | -                | (2,806,890)           |
| <b>Net assets/( liabilities)</b>                              | <u>(1,418,941)</u>                   | <u>(392,800)</u> | <u>-</u>           | <u>(285,000)</u> | <u>2,717,000</u> | <u>620,259</u>        |
| <b>Capital and reserves</b>                                   |                                      |                  |                    |                  |                  |                       |
| Called up share capital                                       | 10,000                               | -                | -                  | -                | -                | 10,000                |
| Capital contribution reserve                                  | 650,121                              | -                | -                  | -                | -                | 650,121               |
| Profit and loss reserve                                       | (2,079,062)                          | (392,800)        | -                  | (285,000)        | 2,717,000        | (39,862)              |
|   | <u>(1,418,941)</u>                   | <u>(392,800)</u> | <u>-</u>           | <u>(285,000)</u> | <u>2,717,000</u> | <u>620,259</u>        |