

BATES SOLICITORS LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

BATES SOLICITORS LIMITED
REGISTERED NUMBER:08151797

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	4	611,801	522,136
Tangible assets	5	577,127	640,766
		<u>1,188,928</u>	<u>1,162,902</u>
Current assets			
Stocks	6	1,238,675	933,790
Debtors: amounts falling due within one year	7	776,611	960,076
Cash at bank and in hand	8	39,109	7,680
		<u>2,054,395</u>	<u>1,901,546</u>
Creditors: amounts falling due within one year	9	(1,394,442)	(1,561,308)
Net current assets		<u>659,953</u>	<u>340,238</u>
Total assets less current liabilities		<u>1,848,881</u>	<u>1,503,140</u>
Creditors: amounts falling due after more than one year	10	(1,070,782)	(823,425)
Provisions for liabilities			
Deferred tax	13	(102,660)	(122,413)
		<u>(102,660)</u>	<u>(122,413)</u>
Net assets		<u><u>675,439</u></u>	<u><u>557,302</u></u>
Capital and reserves			
Called up share capital		250,000	250,000
Profit and loss account		425,439	307,302
		<u><u>675,439</u></u>	<u><u>557,302</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

BATES SOLICITORS LIMITED
REGISTERED NUMBER:08151797

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2017.

Ian MacDonald

Director

The notes on pages 3 to 12 form part of these financial statements.

Gwyneth Jones

Director

BATES SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Bates Solicitors Limited is a private company limited by shares and incorporated in England. Its registered office is 43 Essex Street, London, WC3R 3JF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Motor vehicles	- 10% reducing balance
Fixtures and fittings	- 10% reducing balance
Computer equipment	- 25% reducing balance
Other fixed assets	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

2.9 Creditors

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

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 62 (2015 - 60).

BATES SOLICITORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2016	-	580,150	580,150
Additions	11,575	100,000	111,575
	<hr/>	<hr/>	<hr/>
At 31 December 2016	11,575	680,150	691,725
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 January 2016	-	58,014	58,014
Charge for the year	2,572	19,338	21,910
	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,572	77,352	79,924
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2016	9,003	602,798	611,801
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	522,136	522,136
	<hr/>	<hr/>	<hr/>

BATES SOLICITORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2016	8,624	152,045	689,389	6,750	856,808
At 31 December 2016	8,624	152,045	689,389	6,750	856,808
Depreciation					
At 1 January 2016	-	40,410	171,730	3,902	216,042
Charge for the year on owned assets	-	10,353	45,229	712	56,294
Charge for the year on financed assets	-	810	6,537	-	7,347
At 31 December 2016	-	51,573	223,496	4,614	279,683
Net book value					
At 31 December 2016	8,624	100,472	465,893	2,136	577,125
At 31 December 2015	8,624	111,635	517,659	2,848	640,766

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Long leasehold	8,624	8,624
	<u>8,624</u>	<u>8,624</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Motor vehicles	22,971	25,523
Furniture, fittings and equipment	60,466	67,184
	<u>83,437</u>	<u>92,707</u>

BATES SOLICITORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Stocks

	2016 £	2015 £
Work in progress	1,238,675	933,790
	<u>1,238,675</u>	<u>933,790</u>

7. Debtors

	2016 £	2015 £
Trade debtors	556,150	616,346
Prepayments and accrued income	220,461	343,730
	<u>776,611</u>	<u>960,076</u>

8. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	39,109	7,680
Less: bank overdrafts	(250,393)	(250,151)
	<u>(211,284)</u>	<u>(242,471)</u>

BATES SOLICITORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	250,393	250,151
Other loans	500,028	586,019
Trade creditors	79,212	157,091
Corporation tax	131,662	114,171
Other taxation and social security	190,379	169,710
Obligations under finance lease and hire purchase contracts	13,028	32,707
Other creditors	199,754	205,000
Accruals and deferred income	29,986	46,459
	<u>1,394,442</u>	<u>1,561,308</u>

	2016 £	2015 £
Other taxation and social security		
Social security	98,522	72,075
VAT control	91,857	97,635
	<u>190,379</u>	<u>169,710</u>

10. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	-	205,561
Net obligations under finance leases and hire purchase contracts	6,675	10,600
Other creditors	1,064,107	607,264
	<u>1,070,782</u>	<u>823,425</u>

BATES SOLICITORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Loans

Analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year		
Other loans	500,028	586,019
	<hr/> 500,028 <hr/>	<hr/> 586,019 <hr/>
Amounts falling due 2-5 years		
Bank loans	-	205,561
	<hr/> -	<hr/> 205,561 <hr/>
	<hr/> 500,028 <hr/>	<hr/> 791,580 <hr/>

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016	2015
	£	£
Within one year	13,028	32,707
Between 1-2 years	6,675	10,600
	<hr/> 19,703 <hr/>	<hr/> 43,307 <hr/>

13. Deferred taxation

	2016
	£
At beginning of year	(122,413)
Charged to profit or loss	19,753
At end of year	<hr/> (102,660) <hr/>

BATES SOLICITORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2016 £
Accelerated capital allowances	(102,660)
	<hr/>
	<u>(102,660)</u>

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