

JB LEITCH LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Company Registration No. 06722257 (England and Wales)

JB LEITCH LTD

COMPANY INFORMATION

Directors	Mr J B J Leitch Mrs M A Leitch
Company number	06722257
Registered office	10 Duke Street Liverpool L1 5AS
Auditor	DSG Castle Chambers 43 Castle Street Liverpool L2 9TL

JB LEITCH LTD

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JB LEITCH LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Fair review of the business

The theme in any set of accounts with a year-end in 2021 is likely to be referenced by the impact of the Covid-19 pandemic. This is certainly the case for JB Leitch Ltd, whose start of the financial year coincided with the start of nationwide lockdowns across the UK and much of the rest of the world.

As noted in last year's accounts, the directors' aim was to maintain profitability and a positive cashflow. Both aims were achieved against a very uncertain and challenging background. As at the date of last year's report, it was also noted that targets were being exceeded for 2020/21 and this remained the case for the rest of the year, with revenues closing the year ahead of target by 7% and with expenditure held to a tight budget. Profits were consequently 40% up on budget.

Again, as noted in the last report, client activity has returned to pre-pandemic levels. This is demonstrated by the first 6 months management accounts for 2021/22 that show levels of revenue only 7% below the same period in the record year of 2019/20. With a comparatively lower cost base, profitability is approaching pre-pandemic levels.

In June 2020, the Directors decided to borrow under the Government's Coronavirus Business Interruption Loan Scheme (CBILS). This was to hedge against the uncertainty that the pandemic had created for the company. Repayments were due to start on the 12-month anniversary, if the loan had not been repaid by then. The Directors have decided to retain the loan within the business for the time being and to commence repayments in June 2021, as the pandemic is not yet over, and uncertainty remains. However, these loan monies are regarded as outside of normal operating cashflow – ringfenced for a worst-case scenario - and are not included in budgeting and forecasting within the day-to-day finances.

The company has more than survived the most difficult year in its history, which, following on from its most successful in 2019/2020, was a real test of the entire JB Leitch team's capability, resolve and determination.

The business received Government support monies in the form of Coronavirus Job Retention Scheme (CJRS) grants, particularly in the earlier months of the pandemic, which provided much needed help. That support assisted the business in undertaking a detailed review of and the consequent streamlining of revenue generating services and enabled it to further develop and strengthen the IT platform.

As a result, Client facing teams have been given a new structure to enable them to deliver productivity improvements through better client engagement and service. Further investment in the business is ongoing with recruitment across all areas and a new website coming online before the end of the current financial year.

On behalf of the board

Mr J B J Leitch
Director

15 December 2021

JB LEITCH LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities

The principal activity of the company continued to be that of providing legal services

Results and dividends

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

Ordinary dividends were paid amounting to £500,000. The directors do not recommend payment of a final dividend.

Directors

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

Mr J B J Leitch

Mrs M A Leitch

Auditor

DSG were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Mr J B J Leitch

Director

15 December 2021

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DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JB LEITCH LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JB LEITCH LTD

Opinion

We have audited the financial statements of JB Leitch Ltd (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The 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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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 have been prepared in accordance with applicable legal requirements.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JB LEITCH LTD

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, the Solicitors Regulation Authority rules, company law, tax and pensions legislation, and distributable profits legislation.
- Those laws and regulations for which non-compliance may have a direct effect on the operating aspects of the business and therefore may have a material effect on the financial statements include the Solicitors Regulation Authority rules, health and safety regulations, anti-bribery and anti-corruption laws and compliance with tax legislation.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF JB LEITCH LTD

Audit procedures undertaken in response to the potential risk relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries which may be indicative of fraud; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Jean Ellis BA FCA CTA (Senior Statutory Auditor)
For and on behalf of DSG

15 December 2021

Chartered Accountants
Statutory Auditor

Castle Chambers
43 Castle Street
Liverpool
L2 9TL

JB LEITCH LTD

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	5,779,995	8,603,738
Cost of sales		(150,753)	(221,972)
Gross profit		5,629,242	8,381,766
Administrative expenses		(4,964,931)	(5,811,590)
Other operating income		444,871	26,005
Operating profit	4	1,109,182	2,596,181
Interest receivable and similar income	7	1,588	5,623
Interest payable and similar expenses	8	(6,336)	(6,535)
Profit before taxation		1,104,434	2,595,269
Tax on profit	9	(236,404)	(535,996)
Profit for the financial year		868,030	2,059,273
Retained earnings brought forward		6,341,583	4,682,310
Dividends	10	(500,000)	(400,000)
Retained earnings carried forward		6,709,613	6,341,583

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

JB LEITCH LTD

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	525,030	525,030	704,461	704,461
Current assets					
Debtors	13	6,395,549	5,868,769	5,868,769	5,868,769
Cash at bank and in hand		2,208,732	1,635,594	1,635,594	1,635,594
		8,604,281	7,504,363	7,504,363	7,504,363
Creditors: amounts falling due within one year	14	(1,444,844)	(1,787,426)	(1,787,426)	(1,787,426)
Net current assets		7,159,437	5,716,937	5,716,937	5,716,937
Total assets less current liabilities		7,684,467	6,421,398	6,421,398	6,421,398
Creditors: amounts falling due after more than one year	15	(939,128)	(45,589)	(45,589)	(45,589)
Provisions for liabilities					
Deferred tax liability	17	34,726	33,226	33,226	33,226
		(34,726)	(33,226)	(33,226)	(33,226)
Net assets		6,710,613	6,342,583	6,342,583	6,342,583
Capital and reserves					
Called up share capital	19	1,000	1,000	1,000	1,000
Profit and loss reserves		6,709,613	6,341,583	6,341,583	6,341,583
Total equity		6,710,613	6,342,583	6,342,583	6,342,583

The financial statements were approved by the board of directors and authorised for issue on 15 December 2021 and are signed on its behalf by:

Mr J B J Leitch
Director

Company Registration No. 06722257

JB LEITCH LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations		430,182		2,724,685	
Interest paid		(6,336)		(6,535)	
Income taxes paid		(417,210)		(379,242)	
Net cash inflow from operating activities		<u>6,636</u>		<u>2,338,908</u>	
Investing activities					
Purchase of tangible fixed assets		(31,419)		(202,627)	
Proceeds on disposal of tangible fixed assets		-		99,497	
Other loans made /(receipts) arising from loans made		9,305		(1,046,036)	
Interest received		<u>1,588</u>		<u>5,623</u>	
Net cash used in investing activities			(20,526)		(1,143,543)
Financing activities					
Proceeds of new bank loans		1,000,000		-	
Repayment of bank loans		(49,262)		(116,032)	
Net proceeds from new hire purchase agreements		136,290		-	
Dividends paid		<u>(500,000)</u>		<u>(400,000)</u>	
Net cash generated from/(used in) financing activities			587,028		(516,032)
Net increase in cash and cash equivalents			<u>573,138</u>		<u>679,333</u>
Cash and cash equivalents at beginning of year			<u>1,635,594</u>		<u>956,261</u>
Cash and cash equivalents at end of year			<u><u>2,208,732</u></u>		<u><u>1,635,594</u></u>

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

JB Leitch Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 10 Duke Street, Liverpool, L1 5AS.

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.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

The nature of the contracts undertaken by the company is deemed to be contingent, and as a result of this revenue is not recognised until such time as the contingency is satisfied.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 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:

Land and buildings Leasehold	over the term of the lease
Fixtures, fittings & equipment	25% straight-line
Computer equipment	25% 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 credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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).

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 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.

1.7 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. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 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.

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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, other than those held at fair value through profit and loss, 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.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans that are classified as debt, 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.

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 when the company has 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.

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying 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 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Unbilled revenue

The value of unbilled revenue (amounts recoverable on contracts) involves significant judgement and affects the amount of revenue recognised. Management review matter balances as at the year end. The valuation is based on an estimate of the amount expected to be recoverable from clients on unbilled items based on such factors as time spent and expertise provided. Provision is made for contingencies including any matters whereby the value of time incurred has exceeded the level of a previously agreed fee. No revenue is recorded if the work is contingent upon factors outside the company's control.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Legal services	5,779,995	8,603,738
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Interest income	1,588	5,623
Grants received	444,871	26,005
	<u> </u>	<u> </u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(444,871)	(26,005)
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,500
Depreciation of owned tangible fixed assets	178,740	194,910
Depreciation of tangible fixed assets held under finance leases	32,110	-
Profit on disposal of tangible fixed assets	-	(3,901)
Amortisation of intangible assets	-	135,595
Operating lease charges	491,320	515,353
	<u> </u>	<u> </u>

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Employees

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

	2021 Number	2020 Number
Fee earners	63	79
Support staff	51	64
Total	114	143

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	3,279,559	3,578,110
Social security costs	298,411	284,199
Pension costs	320,458	344,747
	3,898,428	4,207,056

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	22,800	22,800

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	967	5,623
Other interest income	621	-
Total income	1,588	5,623

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	967	5,623
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JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,485	6,535
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,427	-
Other interest	1,424	-
	<u>6,336</u>	<u>6,535</u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	236,616	514,500
Adjustments in respect of prior periods	(1,712)	19,346
Total current tax	<u>234,904</u>	<u>533,846</u>
Deferred tax		
Origination and reversal of timing differences	<u>1,500</u>	<u>2,150</u>
Total tax charge	<u>236,404</u>	<u>535,996</u>

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

	2021	2020
	£	£
Profit before taxation	<u>1,104,434</u>	<u>2,595,269</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	209,842	493,101
Tax effect of expenses that are not deductible in determining taxable profit	11,065	31,270
Depreciation on assets not qualifying for tax allowances	-	8,816
Under/(over) provided in prior years	(1,712)	19,364
Deferred tax adjustments in respect of prior years	<u>17,209</u>	<u>(16,555)</u>
Taxation charge for the year	<u>236,404</u>	<u>535,996</u>

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Dividends

	2021 Per share £	2020 Per share £	2021 Total £	2020 Total £
A ordinary shares				
Interim paid	500.00	400.00	450,000	360,000
B ordinary shares				
Interim paid	500.00	400.00	50,000	40,000
Total dividends				
Interim paid			500,000	400,000

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2020 and 31 March 2021	4,195,595
Amortisation and impairment	
At 1 April 2020 and 31 March 2021	4,195,595
Carrying amount	
At 31 March 2021	-
At 31 March 2020	-

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 April 2020	799,658	70,234	465,344	1,335,236
Additions	-	838	30,581	31,419
At 31 March 2021	799,658	71,072	495,925	1,366,655
Depreciation and impairment				
At 1 April 2020	343,193	58,685	228,897	630,775
Depreciation charged in the year	114,116	8,761	87,973	210,850
At 31 March 2021	457,309	67,446	316,870	841,625
Carrying amount				
At 31 March 2021	342,349	3,626	179,055	525,030
At 31 March 2020	456,465	11,549	236,447	704,461

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Computer equipment	93,654	-

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	769,683	852,840
Other debtors	5,048,457	4,474,387
Prepayments and accrued income	464,947	541,542
	6,283,087	5,868,769
Amounts falling due after more than one year:		
Corporation tax recoverable	112,462	-
Total debtors	6,395,549	5,868,769

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Debtors (Continued)

Other debtors are partially secured by way of legal charges on the other assets of those debtors.

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	16	240,850	90,175
Obligations under finance leases and hire purchase contracts		42,814	-
Trade creditors		367,698	303,199
Corporation tax		101,307	171,151
Other taxation and social security		468,697	533,439
Other creditors		169	401,724
Accruals and deferred income		223,309	287,738
		<u>1,444,844</u>	<u>1,787,426</u>

Included above is a balance of £42,814 (2020: £0) relating to net obligations under finance lease and hire purchase contracts which are secured against the assets concerned.

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	16	845,652	45,589
Obligations under finance leases and hire purchase contracts		93,476	-
		<u>939,128</u>	<u>45,589</u>

Included above is a balance of £93,476 (2020: £0) relating to net obligations under finance lease and hire purchase contracts which are secured against the assets concerned.

Amounts included above which fall due after five years are as follows:

Payable by instalments	33,334	-
	<u>33,334</u>	<u>-</u>

16 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>1,086,502</u>	<u>135,764</u>
Payable within one year	240,850	90,175
Payable after one year	<u>845,652</u>	<u>45,589</u>

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Loans and overdrafts

(Continued)

Included in bank loans is £1,000,000 which is secured by fixed and floating charges over the company's assets.

17 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	34,726	33,226
	<u>34,726</u>	<u>33,226</u>
Movements in the year:		2021 £
Liability at 1 April 2020		33,226
Charge to profit or loss		1,500
		<u>34,726</u>
Liability at 31 March 2021		<u>34,726</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature.

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	320,458	344,747
	<u>320,458</u>	<u>344,747</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
A ordinary shares of £1 each	900	900	900	900
B ordinary shares of £1 each	100	100	100	100
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	310,242	325,698
Between two and five years	571,264	881,506
	<u>881,506</u>	<u>1,207,204</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>22,800</u>	<u>22,800</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

During the year a management fee of £829,015 (2020: £637,750) was charged to an associated company (J B Leitch Real Estate Limited). There was a net balance owed by the associated company as at 31 March 2021 of £82,627 (2020: £401,555 - owed to).

During the year a management fee of £nil (2020: £71,250) was charged to an associated company (10 Duke Street Limited). As at 31 March 2021 £71,250 (2020: £71,250) was owed by this associated company.

The company occupies premises owned by an associated company and a pension scheme, of which the directors are beneficiaries, and rent of £301,552 (2020: £308,032) was paid during the year

The following amounts were outstanding at the reporting end date:

JB LEITCH LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Related party transactions

(Continued)

Tetherstone Limited £nil (2020: £50,000)
Hastenhorne Property Limited £496,233 (2020: £496,233)
Tiny Pig Investments Limited £nil (2020: £90,000)
Tiny Pig Lettings Limited £798,225 (2020: £798,225)
Tiny Pig SL 3 Limited £597,820 (2020: £2,820)
Tiny Pig Developments Limited £400,000 (2020: £nil)
Stiles Developments Limited £1,554,143 (2020 £1,594,143)

No interest has been received in respect of these advances.

There are no set repayment terms in respect of these balances.

The above are related parties through common directors and shareholders.

22 Directors' transactions

Dividends totalling £500,000 (2020 - £400,000) were paid in the year in respect of shares held by the company's directors.

As at 31 March 2021 amounts owed by the directors to the company totalled £986,731 (2020: £1,046,036). The maximum outstanding balance during the year was £1,046,036.

23 Ultimate controlling party

The company is controlled by the directors by virtue of their shareholdings in the company

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