

Company Registration No. 04871657 (England and Wales)

**BOX LEGAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

TUESDAY



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# **BOX LEGAL LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	D E Morris S S Pinner
<b>Secretary</b>	Mr S Pinner
<b>Company number</b>	04871657
<b>Registered office</b>	2nd Floor Westgate House Harlow Essex CM20 1YS
<b>Auditor</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
<b>Bankers</b>	HSBC Bank Plc 31 Holborn Circus London EC1N 2HR

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# **BOX LEGAL LIMITED**

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## **BOX LEGAL LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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The directors present the strategic report for the year ended 31 August 2016.

#### **Fair review of the business**

Box Legal has made a loss for the year (excluding exception items) but the directors nevertheless consider the performance of the company to be satisfactory. The company has diversified the products it offers and this has started to lead to increased policy numbers which will feed through to increased revenues in subsequent years.

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

The company's principal financial instruments comprise bank balances and trade debtors. In respect of bank balances, liquidity risk is managed by maintaining a positive inflow of funds.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the regular monitoring of solicitors and amounts outstanding.

#### **Existing Business**

The reforms contained in the Legal Aid, Sentencing and Punishment of Offenders Act 2012 took effect on 1 April 2013. Other accompanying and consequential reforms took place between 1 April 2013 and October 2013 (together "the Jackson Reforms"). The immediate effect of the Jackson Reforms was to reduce the number of ATE policies purchased by individuals suffering a personal injury and to reduce the premium levels of those policies although this has very much lessened over time. Both of these effects reduce the premium income to ATE insurers and therefore potentially reduce the income to Box Legal as an insurance broker.

The government has announced further reforms in relation to personal injury claims which could cause the number of personal injury claims to decrease, and therefore to decrease the company's business, but the proposals are not sufficiently certain to be able to comment on their effect and in any event they are estimated to come into effect only during late 2018.

The above has been more than offset however by the expansion set out below.

#### **Expansion**

Box Legal has successfully expanded into a number of new ATE products, and has agreed contractual terms for a major expansion of its existing personal injury products. The staff and marketing overheads associated with that expansion are contained and proportionate to the expected new business which will accrue over the next 12 months.

**BOX LEGAL LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Key performance indicators**

In considering Box Legal's performance for the year the directors' have considered the following key performance indicators:-

Turnover has decreased by 3.3% (2015 increased 13.8%).

Excluding exceptional items the Company achieved a loss before tax of £5,827 (2015: £32,793).

Gross assets have decreased by 63.8% (2015: 4.0%).

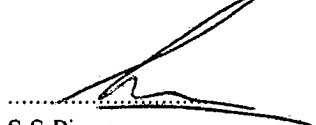
Net current assets have decreased by 92.1% (2015: 1.3%).

Note: The decrease in net and gross assets relates predominantly to:

- a. the adoption of FRS 102 which caused those assets to be retrospectively adopted in the company's accounts for 2014 and 2015, and
- b. the write back of that accrued income following the change in the way company calculates its income

The effect of the above (apart from an income and holiday pay accrual of £10,682), was broadly neutral and this is discussed further in notes 4 and 19 to these financial statements.

On behalf of the board



S S Pinner

Director

22/8/17

## **BOX LEGAL LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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The directors present their annual report and financial statements for the year ended 31 August 2016.

#### **Principal activities**

The principal activity of the company was that of the provision of insurance services to the legal profession.

#### **Directors**

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

D E Morris  
S S Pinner

#### **Results and dividends**

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

The directors do not recommend payment of a final dividend.

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**BOX LEGAL LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

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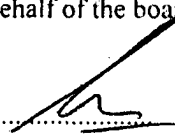
**Statement of disclosure to auditor**

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 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.

**Going concern**

The directors consider the use of the going concern basis of accounting is appropriate because while there are material uncertainties which may cause regulatory action to be taken against the company as set out further in note 1.2 of the financial statements, the directors believe that they will be able to resolve these matters without financial impact to the company.

On behalf of the board



.....  
S S Pinner

**Director**

22/8/17  
.....

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BOX LEGAL LIMITED**

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We have audited the financial statements of Box Legal Limited for the year ended 31 August 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

**Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Basis of qualified opinion on financial statements**

Included within other creditors is £324,991 which comprises the company's client money liability. The company's internal reconciliation as at 31 August 2016 has not been satisfactorily completed and owing to the nature of the records we were not able to satisfy ourselves of the accuracy or completeness of the balance nor were we able to identify the potential adjustment to correct the liability and the impact on other balances within the financial statements as at 31 August 2016.

**Qualified opinion on the financial statements**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its loss 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; and



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF BOX LEGAL LIMITED**

**Emphasis of matter - Going Concern**

In forming our opinion on the financial statements, which is not modified in this respect, we have considered the adequacy of the disclosure made in accounting policy 1.2 to the financial statements concerning the company's ability to continue as a going concern. The company has fallen short of certain regulatory requirements relating to compliance with the FCA rulebook during the year and as at the year end date. Whilst the implications of these instances of non-compliance are uncertain the directors believe they will be resolved without financial impact and have therefore continued to adopt the going concern basis in the preparation of the financial statements.

These conditions indicate the existence of a material uncertainty which if resolved unfavourably (despite the Directors view that this is unlikely to be the case) have the potential to cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

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

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

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

*UHY Hacker Young*

**Daniel Hutson (Senior Statutory Auditor)**  
for and on behalf of UHY Hacker Young

*22 August 2017*

**Chartered Accountants**  
**Statutory Auditor**

**BOX LEGAL LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2016**

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		<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Turnover</b>	<b>3</b>	636,202	658,196
Administrative expenses		(640,417)	(699,284)
Exceptional item	<b>4</b>	(850,420)	-
<b>Operating loss</b>	<b>5</b>	(854,635)	(41,088)
Interest receivable and similar income	<b>8</b>	103	83
<b>Loss before taxation</b>		(854,532)	(41,005)
Taxation	<b>9</b>	(1,715)	350
<b>Loss for the financial year</b>		(856,247)	(40,655)

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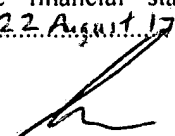
The profit and loss account has been prepared on the basis that all operations are continuing operations.

**BOX LEGAL LIMITED****BALANCE SHEET****AS AT 31 AUGUST 2016**

		2016		2015 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		2,167		3,921
<b>Current assets</b>					
Debtors	12	141,065		961,581	
Cash at bank and in hand		344,398		379,524	
		<u>485,463</u>		<u>1,341,105</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(414,208)</u>		<u>(415,357)</u>	
<b>Net current assets</b>			71,255		925,748
<b>Total assets less current liabilities</b>			<u>73,422</u>		<u>929,669</u>
<b>Capital and reserves</b>					
Called up share capital	15		34,000		34,000
Profit and loss reserves			39,422		895,669
<b>Total equity</b>			<u>73,422</u>		<u>929,669</u>

This is the first year in which the company has prepared its financial statements under FRS 102. In accordance with accounting standard the directors have restated the comparative period. Please see note 19 to the accounts for further details.

The financial statements were approved by the board of directors and authorised for issue on 22 August 17 and are signed on its behalf by:

  
S S Pinner  
Director

Company Registration No. 04871657

**BOX LEGAL LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2016**

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	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 September 2014</b>	34,000	936,324	970,324
<b>Year ended 31 August 2015:</b>			
Loss and total comprehensive income for the year	-	(40,655)	(40,655)
<b>Balance at 31 August 2015</b>	<u>34,000</u>	<u>895,669</u>	<u>929,669</u>
<b>Year ended 31 August 2016:</b>			
Loss and total comprehensive income for the year	-	(856,247)	(856,247)
<b>Balance at 31 August 2016</b>	<u><u>34,000</u></u>	<u><u>39,422</u></u>	<u><u>73,422</u></u>

**BOX LEGAL LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2016**

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	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	18	(39,465)		(45,994)	
Income taxes paid		-		(4,151)	
		<u>(39,465)</u>		<u>(50,145)</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(714)		(2,016)	
Proceeds on disposal of tangible fixed assets		4,950		-	
Interest received		103		83	
		<u>4,339</u>		<u>(1,933)</u>	
<b>Net cash generated from/(used in) investing activities</b>					
		4,339		(1,933)	
<b>Net cash used in financing activities</b>					
		-		-	
<b>Net decrease in cash and cash equivalents</b>					
		<u>(35,126)</u>		<u>(52,078)</u>	
Cash and cash equivalents at beginning of year		379,524		431,602	
<b>Cash and cash equivalents at end of year</b>		<u><u>344,398</u></u>		<u><u>379,524</u></u>	

# **BOX LEGAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**

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### **1 Accounting policies**

#### **Company information**

Box Legal Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor Westgate House, Harlow, Essex, CM20 1YS.

#### **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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2016 are the first financial statements of Box Legal Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

#### **1.2 Going concern**

These financial statements are prepared on the going concern basis as the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware that during the year and as at the year end date the company was not in compliance with a number of requirements of the FCA handbook including those in respect of holding client money and other areas of compliance. The outcome of this non-compliance is uncertain as the potential for regulatory action to be taken against the company is unknown (this may include regulatory fines and even the loss of permission to carry out regulated business). Nevertheless, the directors believe that whilst these instances of non-compliance are yet to be determined by the FCA, they will be able to resolve these matters without significant financial penalty to the company.

For this reason the directors consider it appropriate to adopt the going concern basis.

#### **1.3 Turnover**

Turnover represents amounts receivable net of VAT in respect of services provided to policy underwriters. Turnover is recognised as the service is rendered.

#### **1.4 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.

## **BOX LEGAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **1 Accounting policies**

**(Continued)**

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:

Fixtures, fittings & equipment	25% straight line
Motor vehicles	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.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

#### **1.6 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.

## BOX LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

(Continued)

##### 1.7 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.

##### ***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.



## **BOX LEGAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **1 Accounting policies**

**(Continued)**

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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.

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

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

#### **1.8 Equity instruments**

Equity instruments issued by the company 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 company.

#### **1.9 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.

## **BOX LEGAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **1 Accounting policies**

**(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 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.

##### **1.10 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.

##### **1.11 Retirement benefits**

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

##### **1.12 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.

##### **1.13 Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

## BOX LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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#### 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.

##### ***Income accrual***

Included on the balance sheet is an income accrual. FRS102 states that where future economic benefits are uncertain the probability of future economic benefit should be assessed as a group for a large population of individually insignificant items.

In accordance with this, when calculating the income accrual the directors have used their judgement to arrive at the probability percentage to apply to the total number of open policies as at the balance sheet date when calculating the income accrual. Based on the settlement of past policies the Directors have estimated that 58.6% of policies will lead to income for the company.

As the company has changed its arrangement with the Leeward Insurance Company ("Leeward") going forwards such that it will be remunerated based on flat rate going forwards (see note 4) and as such there is no uncertainty going forwards and no possible effect in future periods.

##### ***Accrual for premium points***

The company issues premium points to its panel solicitors in relation to premiums taken out which can be redeemed for rewards and accrues a liability for points issued before the year end which have yet to be redeemed. The calculation of the percentage of points that will be redeemed is estimated by the directors to be 55%.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
<b>Turnover</b>		
Commission	636,202	658,196
	<u>          </u>	<u>          </u>

**BOX LEGAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

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<b>3 Turnover and other revenue</b>	<b>(Continued)</b>	
<b>Other significant revenue</b>		
Interest income	103	83
	<u>          </u>	<u>          </u>
<b>Turnover analysed by geographical market</b>		
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
UK	636,202	658,196
	<u>          </u>	<u>          </u>
<b>4 Exceptional costs</b>		
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Write back of income accrual	850,420	-
	<u>          </u>	<u>          </u>

As at the balance sheet date in accordance with the FRS102 the directors had recognised accrued income of £850,420 in relation to services rendered but which had not yet been invoiced. After the balance sheet date it was agreed that effective from 1 September 2016 the company would no longer receive income for its services from Leeward Insurance Company based on the number of policies paid but instead would receive income as a flat fee.

On the basis that the method of calculating the company's income has changed the directors no longer consider it appropriate to recognise the income accrual and so have written it back to profit and loss as an exceptional item.

<b>5 Operating loss</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	6,500	6,000
Depreciation of owned tangible fixed assets	2,467	3,524
Profit on disposal of tangible fixed assets	(4,950)	-
Operating lease charges	1,222	-
	<u>          </u>	<u>          </u>

**BOX LEGAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****6 Employees**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Sales and administration	11	11
	<u>11</u>	<u>11</u>

Their aggregate remuneration comprised:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	414,695	454,422
Social security costs	50,320	47,861
Pension costs	18,430	16,800
	<u>483,445</u>	<u>519,083</u>

**7 Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	-	20,000
Company pension contributions to defined contribution schemes	12,000	12,000
	<u>12,000</u>	<u>32,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

No employees other than the directors are considered to be key management personnel.

**8 Interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	103	83
	<u>103</u>	<u>83</u>

**BOX LEGAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016****(Continued)****8 Interest receivable and similar income**

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss

103	83
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**9 Taxation**

<b>2016</b>	<b>2015</b>
<b>£</b>	<b>£</b>

**Current tax**

UK corporation tax on profits for the current period

1,715	(350)
-------	-------

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

<b>2016</b>	<b>2015</b>
<b>£</b>	<b>£</b>

Loss before taxation

(854,532)	(41,005)
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Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)

(170,906)	(8,201)
-----------	---------

Tax effect of expenses that are not deductible in determining taxable profit

1,507	2,040
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Tax effect of utilisation of tax losses not previously recognised

-	350
---	-----

Adjustments in respect of prior years

-	(350)
---	-------

Depreciation added back

-	704
---	-----

Capital allowances

-	(721)
---	-------

Effect of FRS102 transition adjustments

171,835	5,828
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Deferred tax not recognised

(721)	-
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Taxation charge/(credit) for the year

1,715	(350)
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**BOX LEGAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2016**

**10 Tangible fixed assets**

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
<b>Cost</b>			
At 1 September 2015	15,745	14,165	29,910
Additions	714	-	714
Disposals	(2,635)	(14,165)	(16,800)
	<u>13,824</u>	<u>-</u>	<u>13,824</u>
<b>Depreciation and impairment</b>			
At 1 September 2015	11,825	14,165	25,990
Depreciation charged in the year	2,467	-	2,467
Eliminated in respect of disposals	(2,635)	(14,165)	(16,800)
	<u>11,657</u>	<u>-</u>	<u>11,657</u>
<b>Carrying amount</b>			
At 31 August 2016	<u>2,167</u>	<u>-</u>	<u>2,167</u>
At 31 August 2015	<u>3,921</u>	<u>-</u>	<u>3,921</u>

**11 Financial instruments**

	2016	2015
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>113,312</u>	<u>948,605</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>401,352</u>	<u>400,986</u>

**12 Debtors**

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	67,472	71,795
Corporation tax recoverable	350	350
Other debtors	68,146	13,150
Prepayments and accrued income	5,097	876,286
	<u>141,065</u>	<u>961,581</u>

**BOX LEGAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****13 Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Corporation tax	1,715	-
Other taxation and social security	11,141	14,371
Other creditors	324,990	312,963
Accruals and deferred income	76,362	88,023
	<u>414,208</u>	<u>415,357</u>

**14 Retirement benefit schemes**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>18,430</u>	<u>16,800</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.

**15 Share capital**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
34,000 Ordinary shares of £1 each	<u>34,000</u>	<u>34,000</u>

**16 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:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Within one year	2,667	-
Between two and five years	2,333	-
	<u>5,000</u>	<u>-</u>



## BOX LEGAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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#### 17 Related party transactions

Included in debtors is a balance of £24,491 (2015: £902) receivable from Fairplane UK Limited ("Fairplane"), a company under common control. This balance is repayable on demand and is interest free.

The company has brokered insurance policies for Fairplane. No fees are charged for this service.

All claim policies are underwritten by Leeward, a company in which the directors have an interest.

During the year, the company recognised commission of £618,680 (2015: £581,234) from Leeward. As at the balance sheet £74,939 (2015: £581,234) was included in debtors as receivable from Leeward.

Additionally included in other creditors is a balance due to Leeward of £268,388 (2015: 183,616) in respect of monies held on Leeward's behalf in the Company's client account.

#### 18 Cash generated from operations

	2016	2015
	£	£
Loss for the year after tax	(856,247)	(40,655)
<b>Adjustments for:</b>		
Taxation charged/(credited)	1,715	(350)
Investment income	(103)	(83)
Gain on disposal of tangible fixed assets	(4,950)	-
Depreciation and impairment of tangible fixed assets	2,467	3,524
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	841,902	(5,240)
(Decrease) in creditors	(24,249)	(3,190)
<b>Cash absorbed by operations</b>	<u>(39,465)</u>	<u>(45,994)</u>

#### 19 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

**BOX LEGAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2016****19 Reconciliations on adoption of FRS 102****(Continued)****Reconciliation of equity**

		<b>1 September 2014</b>	<b>31 August 2015</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Equity as reported under previous UK GAAP		82,001	70,486
Adjustments arising from transition to FRS 102:			
Income accrual	a)	891,952	864,578
Holiday pay accrual	b)	(3,629)	(5,395)
Equity reported under FRS 102		<u>970,324</u>	<u>929,669</u>

**Reconciliation of loss for the financial period**

			<b>2015</b>
	<b>Notes</b>		<b>£</b>
Loss as reported under previous UK GAAP			(11,515)
Adjustments arising from transition to FRS 102:			
Income accrual	a)		(27,374)
Holiday pay accrual	b)		(1,766)
Loss reported under FRS 102			<u>(40,655)</u>

**Notes to reconciliations on adoption of FRS 102****a) Income accrual**

Under UTIF 40 where any receipt of income was contingent on an event beyond the company's control no income was recognised until said event was past. However FRS102 states that where there is a large population of individually insignificant items probability should be used to recognise the income over the period the service is delivered.

**b) Holiday pay accrual**

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.