

Financial Statements
for the Period 1 January 2018 to 30 June 2019
for
Proximo Legal Services Limited

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for the Period 1 January 2018 to 30 June 2019**

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Proximo Legal Services Limited
Company Information
for the Period 1 January 2018 to 30 June 2019

DIRECTORS:	E M Chadwick I J Bates C K Bryan
REGISTERED OFFICE:	Rotary House Chantry Court Sovereign Way Chester United Kingdom CH1 4QN
REGISTERED NUMBER:	08190708 (England and Wales)
AUDITORS:	Mitten Clarke Audit Limited Statutory Auditors The Glades Festival Way Stoke on Trent Staffordshire ST1 5SQ

Statement of Financial Position
30 June 2019

	Notes	2019 £	2017 £
FIXED ASSETS			
Intangible assets	5	-	-
Tangible assets	6	<u>12,614</u>	<u>36,704</u>
		<u>12,614</u>	<u>36,704</u>
CURRENT ASSETS			
Debtors	7	594,601	286,952
Cash at bank and in hand		<u>304,338</u>	<u>314,338</u>
		898,939	601,290
CREDITORS			
Amounts falling due within one year	8	<u>(2,043,836)</u>	<u>(2,555,757)</u>
NET CURRENT LIABILITIES		<u>(1,144,897)</u>	<u>(1,954,467)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,132,283)	(1,917,763)
CREDITORS			
Amounts falling due after more than one year	9	<u>-</u>	<u>(7,329)</u>
NET LIABILITIES		<u>(1,132,283)</u>	<u>(1,925,092)</u>
CAPITAL AND RESERVES			
Called up share capital		100	100
Retained earnings		<u>(1,132,383)</u>	<u>(1,925,192)</u>
SHAREHOLDERS' FUNDS		<u>(1,132,283)</u>	<u>(1,925,092)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Statement of Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 2 July 2020 and were signed on its behalf by:

E M Chadwick - Director

**Notes to the Financial Statements
for the Period 1 January 2018 to 30 June 2019**

1. STATUTORY INFORMATION

Proximo Legal Services Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The company has extended its accounting period from 31 December 2018 to 30 June 2019. This was done across the group as the directors felt that this was a more commercially beneficial period end for the group.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements cover Proximo Legal Services Limited as an individual entity, have been prepared under the historical cost convention and are presented in Pounds Sterling (£) being the functional currency.

The financial statements have been prepared on the assumption that the company is able to carry on business as a going concern, which the directors consider appropriate having regard to the company's current and expected performance.

The company is significantly profitable in the current period and with the goodwill now fully amortised the company is expected to make significant profits in the coming years and will return to a net assets position.

With regards to Covid 19 the directors have initiated their Business continuity plan which has ensured that the company can continue to trade. The office has been closed to the majority of staff however the staff are able to and have worked from home.

The company has taken advantage of the various government schemes and has been able to manage its cash flow appropriately.

As the business and the wider world return to normal the directors are of the opinion that the going concern basis is appropriate.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019

3. ACCOUNTING POLICIES - continued

Turnover

The company has contracts that are invoiced with a set fee per case dealt with. This turnover is stated net of VAT and discounts. Turnover from the supply of these services represents the value of services provided under contracts, to the extent that there is a right to consideration, and is recorded at the value of the consideration due. Where these contracts have only been partially completed at the balance sheet date turnover represents the value of these services provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Many of the company's contracts are on a no win, no fee basis. Income on these contracts is only recorded when the case is decided and an award has been made. No income is recognised on partially completed contracts.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of three years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Office equipment	- 20% on cost
Computer equipment	- 33.33% on cost

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

The residual values and useful lives of fixed assets are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019**

3. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet these conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Client money

Client bank account balances and the matching liabilities are excluded from the balance sheet on the basis that economic benefits or resources resulting from these assets and liabilities will not flow to or from the company. Details of these amounts are shown in Note 14 to the financial statements.

4. EMPLOYEES

The average number of employees during the period was 25 (2017 - 23) .

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2018 and 30 June 2019	<u>2,825,000</u>
AMORTISATION	
At 1 January 2018 and 30 June 2019	<u>2,825,000</u>
NET BOOK VALUE	
At 30 June 2019	<u>-</u>
At 31 December 2017	<u>-</u>

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019

6. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Totals £
COST			
At 1 January 2018	6,840	74,568	81,408
Additions	-	9,286	9,286
At 30 June 2019	<u>6,840</u>	<u>83,854</u>	<u>90,694</u>
DEPRECIATION			
At 1 January 2018	6,808	37,896	44,704
Charge for period	32	33,344	33,376
At 30 June 2019	<u>6,840</u>	<u>71,240</u>	<u>78,080</u>
NET BOOK VALUE			
At 30 June 2019	-	12,614	12,614
At 31 December 2017	<u>32</u>	<u>36,672</u>	<u>36,704</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2017 £
Trade debtors	367,015	199,793
Amounts owed by group undertakings	216,721	86,909
Other debtors	-	250
Deferred tax asset		
Accelerated capital allowances	10,865	-
	<u>594,601</u>	<u>286,952</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2017 £
Other loans	-	87,936
Trade creditors	35,398	15,507
Amounts owed to group undertakings	1,807,673	2,341,673
Tax	96,664	-
Social security and other taxes	11,806	13,423
VAT	81,543	64,986
Other creditors	10,752	10,752
Accruals and deferred income	-	21,480
	<u>2,043,836</u>	<u>2,555,757</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2017 £
Other loans - 1-2 years	-	7,329

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019

10. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Extract from the report of the auditors from the full financial statements:

Emphasis of Matter

We draw attention to Note 15 of the financial statements, which describes the impact of post balance sheet events on the company and the directors' assessment of the going concern status of the company. Our opinion is not modified in this respect.

We draw attention to Note 11 of the financial statements, which describes the nature of a legal claim made against the company and the assessment of the directors of the potential outcome of this claim. Our opinion is not modified in this respect.

Ashley Conway (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited

11. **CONTINGENT LIABILITIES**

The company is currently the subject of a legal claim from one of its customers regarding the handling of claims on behalf of the customer. The directors believe that the company has strong policies and procedures in place and has no claim to answer and has a robust defence and therefore do not expect the claim to be successful.

The range of possible outcomes of the claim is so great that an attempt to quantify its financial effect at this moment in time would potentially be misleading.

12. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party for the period ended 30 June 2019 was Mr C J Bird as a result of controlling 100% of the ultimate parent company.

13. **ULTIMATE PARENT COMPANY**

The ultimate parent company is Proximo Holdings Limited a company incorporated in England. Copies of the group accounts of Proximo Holdings Limited are available from its registered office Park House, Chantry Court, Sovereign Way, Chester, CH1 4QN.

14. **CLIENT MONEY**

Client monies held at the balance sheet date amounting to £567,743 (2017 - £406,861), along with the corresponding equal and opposite liability to clients, have been excluded from the balance sheet in accordance with the accounting policy for "Client money" set out in Note 3.

Notes to the Financial Statements - continued
for the Period 1 January 2018 to 30 June 2019

15. EVENTS SINCE THE END OF THE PERIOD

In March 2020 the UK was impacted by the outbreak of the Coronavirus (COVID-19). In order to manage the spread of the virus the Government imposed significant restrictions on the movement of people and the ability of businesses to continue to trade. This event occurred after the company's reporting period and the company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 30 June 2019 have not been adjusted to reflect their impact.

During the COVID-19 pandemic and prior to 'lockdown' our Business Continuity Plan (BCP) was invoked, ensuring that we could continue to operate whilst maintaining the well-being of our people. We have utilised the range of government-led financial initiatives along the way to support cash-flow, and during this period we have made significant improvement to our IT infrastructure and Business Intelligence - the latter of which has improved our governance to guide our decision making on capacity planning, both during the pandemic, and beyond. The duration and ongoing impact of the COVID-19 pandemic on the economy and the financial position and results of the company, remains unclear at this time, however, the company is currently in a strong financial position with sufficient headroom in its cash flow forecasts to manage the situation.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.