

REGISTERED NUMBER: 08190708 (England and Wales)

Financial Statements
for the Year Ended 30 June 2020
for
Proximo Legal Services Limited

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for the Year Ended 30 June 2020**

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Proximo Legal Services Limited

**Company Information
for the Year Ended 30 June 2020**

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

Proximo Legal Services Limited (Registered number: 08190708)

**Statement of Financial Position
30 June 2020**

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Intangible assets	5		-		-
Tangible assets	6		<u>3,738</u>		<u>12,614</u>
			3,738		12,614
CURRENT ASSETS					
Debtors	7	825,500		705,659	
Cash at bank and in hand		<u>306,173</u>		<u>304,338</u>	
		1,131,673		1,009,997	
CREDITORS					
Amounts falling due within one year	8	<u>2,047,005</u>		<u>2,548,977</u>	
NET CURRENT LIABILITIES			<u>(915,332)</u>		<u>(1,538,980)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(911,594)		(1,526,366)
CREDITORS					
Amounts falling due after more than one year	9		<u>50,057</u>		<u>-</u>
NET LIABILITIES			<u>(961,651)</u>		<u>(1,526,366)</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			<u>(961,751)</u>		<u>(1,526,466)</u>
SHAREHOLDERS' FUNDS			<u>(961,651)</u>		<u>(1,526,366)</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 30 June 2021 and were signed on its behalf by:

E M Chadwick - Director

**Notes to the Financial Statements
for the Year Ended 30 June 2020**

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.

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 period to 30 June 2019 was for an 18 month period and therefore the figures are not comparable to the current year.

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 Year Ended 30 June 2020**

3. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales.

Provision of legal services

Many of the company's contracts are operated on the basis of No Win - No Fee conditional fee arrangements and the company attempts to resolve claims within the MOJ Pre-Action Protocol where possible.

The service provided to the client is accounted for as a single provision of services ending at the point of settlement by a third party.

In some cases, the company is entitled to milestone bills from a third party insurer under the MOJ Protocol or fixed fees for cases outside of the protocol. In other cases, fees may be calculated as a specified percentage of damages awarded under a claim.

Where milestone bills apply under the MOJ portal, revenue is recognised at the point that the obligation to a milestone bill has been met. For fixed recoverable costs outside the portal, revenue is recognised when the case has settled.

Where fees are calculated as a percentage of damages, the revenue is recognised at the point that the damages have been agreed as this is when the occurrence or non-occurrence of a future event, not within the control of the company, has been concluded. No income is recognised on cases where the settlement has not been agreed.

Where an interim payment has been made on a case, income is recognised to the extent that the company has earned the right to the income.

Disbursements

The company acts as an agent with respect to disbursements falling due throughout a claim. Disbursements are only recognised when it is assessed that a reimbursement will be received from the client or on their behalf. The disbursements paid on behalf of a client are recognised as an asset unless it is determined that the amount is not recoverable.

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.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

3. ACCOUNTING POLICIES - continued

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

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.

Taxation

Taxation for the year 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.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

3. **ACCOUNTING POLICIES - continued**

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 year 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 12 to the financial statements.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 27 (2019 - 25) .

5. **INTANGIBLE FIXED ASSETS**

	Goodwill £
COST	
At 1 July 2019 and 30 June 2020	<u>2,825,000</u>
AMORTISATION	
At 1 July 2019 and 30 June 2020	<u>2,825,000</u>
NET BOOK VALUE	
At 30 June 2020	<u>-</u>
At 30 June 2019	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2020

6. **TANGIBLE FIXED ASSETS**

	Office equipment £	Computer equipment £	Totals £
COST			
At 1 July 2019	6,840	83,854	90,694
Additions	-	2,745	2,745
At 30 June 2020	<u>6,840</u>	<u>86,599</u>	<u>93,439</u>
DEPRECIATION			
At 1 July 2019	6,840	71,240	78,080
Charge for year	-	11,621	11,621
At 30 June 2020	<u>6,840</u>	<u>82,861</u>	<u>89,701</u>
NET BOOK VALUE			
At 30 June 2020	<u>-</u>	<u>3,738</u>	<u>3,738</u>
At 30 June 2019	<u>-</u>	<u>12,614</u>	<u>12,614</u>

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade debtors	397,317	367,015
Amounts owed by group undertakings	186,991	216,721
Deferred tax asset		
Accelerated capital allowances	10,660	10,865
Prepayments and accrued income	<u>230,532</u>	<u>111,058</u>
	<u>825,500</u>	<u>705,659</u>

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Other loans	27,780	11,591
Trade creditors	338,811	621,388
Amounts owed to group undertakings	1,507,673	1,807,673
Tax	10,130	4,224
Social security and other taxes	10,730	11,806
VAT	67,561	81,543
Other creditors	10,751	10,752
Accruals and deferred income	<u>73,569</u>	<u>-</u>
	<u>2,047,005</u>	<u>2,548,977</u>

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

	2020 £	2019 £
VAT	<u>50,057</u>	<u>-</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

10. SECURED DEBTS

The following secured debts are included within creditors:

	2020 £	2019 £
Other loans	<u>27,780</u>	<u>11,591</u>

Other loans are secured by way of a fixed charge against the professional indemnity insurance the assigning finance provider rights to sums from relevant policies and the right to cancel such policies in the event of default.

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

The Report of the Auditors was unqualified.

We draw attention to Note 12 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.

Lindsey Shepherd (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited

12. 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, has no claim to answer and has a robust defence, 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.

The amount is not quantifiable and therefore no estimation has been made. Directions have been given for the further conduct of the case which is proceeding towards a trial in late 2022.

13. ULTIMATE CONTROLLING PARTY

The ultimate controlling party for the period ended 30 June 2020 was Mr C J Bird as a result of controlling 100% of the ultimate parent company.

14. 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.

15. CLIENT MONEY

Client monies held at the balance sheet date amounting to £871,118 (2019 - £567,743), 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.

16. EVENTS SINCE THE END OF THE PERIOD

Following the year end the company has continued to use the government's job retention scheme, receiving a total of £19,514 in the post year end period.

**Notes to the Financial Statements - continued
for the Year Ended 30 June 2020**

17. PRIOR YEAR ADJUSTMENT

During the year the directors identified adjustments to the prior year figures which required correcting.

The items identified are:

- Direct costs paid for in 2020 which relate to 2019 and should previously have been accrued for
- Income not previously recognised for jobs complete at the year end but not yet invoiced
- The tax effect of the costs and income stated above
- Recognition of the loan taken out for insurance premiums

These have been corrected by restating each of the affected financial statement line items for the prior period.

The following table summarises the impact on the company profit and loss statement:

	As previously reported	Adjustments	As restated
For the year ended 30 June 2019			
Sales	3,472,979	41,700	3,514,679
Cost of sales	(1,251,757)	(585,990)	(1,837,747)
Tax on profit/(loss)	(85,799)	92,440	6,641

The following table summarises the impact on the company balance sheet:

	As previously reported	Adjustments	As restated
For the year ended 30 June 2019			
Prepayments and accrued income	-	111,058	111,058
Other loans	-	(11,591)	(11,591)
Trade creditors	(35,398)	(585,990)	(621,388)
Tax	(96,664)	92,440	(4,224)
Retained earnings	(1,132,383)	(394,083)	(1,526,466)

The following table summarises the impact on the company profit:

	As previously reported	Adjustments	As restated
For the year ended 30 June 2019			
Profit for the financial year	792,809	(451,850)	340,959

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.