

Company registration number 08190708 (England and Wales)

Proximo Legal Services Limited
financial statements
For the year ended 30 June 2023

Proximo Legal Services Limited

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Proximo Legal Services Limited

Statement of financial position

As at 30 June 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		18,875		255
Current assets					
Debtors	5	462,689		710,016	
Cash at bank and in hand		59,010		18,323	
		521,699		728,339	
Creditors: amounts falling due within one year	6	(1,225,543)		(1,136,284)	
Net current liabilities			(703,844)		(407,945)
Net liabilities			(684,969)		(407,690)
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			(685,069)		(407,790)
Total equity			(684,969)		(407,690)

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 27 March 2024 and are signed on its behalf by:

Mrs E M Chadwick
Director

Company registration number 08190708 (England and Wales)

Proximo Legal Services Limited

Notes to the financial statements

For the year ended 30 June 2023

1 Accounting policies

Company information

Proximo Legal Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rotary House Chantry Court, Sovereign Way, Chester, United Kingdom, CH1 4QN.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 cover the company as an individual entity.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

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 performance of the company has improved over the last few years and the company is expected to make significant profits in the coming years and will return to a net assets position. Until this point it has support from the parent entity.

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.

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies

(Continued)

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.

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 three years, and has now been fully amortised.

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:

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

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.

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies

(Continued)

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). 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.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

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 statement of financial position 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.

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.

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and amounts due to fellow group companies, 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.

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 income statement 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 income statement, 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.

1.11 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.

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies

(Continued)

1.12 Retirement benefits

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

1.13 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 13 to the financial statements.

2 Employees

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

	2023 Number	2022 Number
Total	24	23

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2022 and 30 June 2023	2,825,000
Amortisation and impairment	
At 1 July 2022 and 30 June 2023	2,825,000
Carrying amount	
At 30 June 2023	-
At 30 June 2022	-

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

4 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 July 2022	6,840	57,788	64,628
Additions	-	19,417	19,417
At 30 June 2023	6,840	77,205	84,045
Depreciation and impairment			
At 1 July 2022	6,840	57,533	64,373
Depreciation charged in the year	-	797	797
At 30 June 2023	6,840	58,330	65,170
Carrying amount			
At 30 June 2023	-	18,875	18,875
At 30 June 2022	-	255	255

5 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	396,513	416,603
Amounts owed by group undertakings	-	72,165
Other debtors	63,776	213,948
	460,289	702,716
Deferred tax asset	2,400	7,300
	462,689	710,016

6 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	22,168	42,360
Amounts owed to group undertakings	1,135,343	1,001,607
Taxation and social security	48,328	49,499
Other creditors	19,704	42,818
	1,225,543	1,136,284

Proximo Legal Services Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

7 Security

Included within other creditors are other loans of £17,612 (2022 - £32,228), which are secured by way of a fixed charge against the professional indemnity insurance. The assigning finance provider has rights to sums from relevant policies and the right to cancel such policies in the event of default.

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:

Joanne Beamish ACA FCCA

Statutory Auditor:

DJH Mitten Clarke Audit Limited

9 Operating lease commitments

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

2023	2022
£	£
10,469	21,890
<u>10,469</u>	<u>21,890</u>

10 Events after the reporting date

On 2 February 2024 the company entered in to a debenture including a fixed and floating charge over the property of the company in respect of debt in the group.

11 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.

12 Ultimate controlling party

The ultimate controlling party for the period ended 30 June 2023 was Mr C J Bird as a result of controlling 100% of Proximo Holdings Limited.

13 Client money

Client monies held at the balance sheet date amounting to £386,874 (2022 - £472,682), 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 1.

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.