

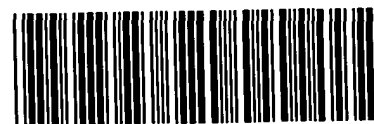
**UK Independent Medical Services Limited**

**Annual report and financial statements**

**Registered number 04530717**

**31 December 2022**

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COMPANIES HOUSE

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## Officers and Professional Advisors

### Directors in office during the year and up to the date of signing the financial statements:

PC Healey	
PR Gray	(resigned 30 September 2022)
C Nairns	(resigned 31 January 2023)
A Ballard	(appointed 30 September 2022)
IP Scanlan	(appointed 20 February 2023)

### Secretary:

PR Gray	(resigned 30 September 2022)
S Thompson	(appointed 30 September 2022)

### Banker:

Barclays Bank PLC  
UK Banking  
1 Churchill Place  
London  
E14 5HP

### Independent Auditors:

PricewaterhouseCoopers LLP  
1 Hardman Square  
Manchester  
M3 3EB

## Strategic report

### Principal activities & objectives

We are a specialist business outsourcer established in 2003 to deliver low cost, value-added solutions into the legal and insurance fields. This is through the provision of a range of services including independent medical examinations and evidence.

Through the delivery of a quality driven service to the clients, our aim is to create sustainable revenue growth in both the core business through new business generation as well as through diversification opportunities. Profitability is achieved by continually striving for efficiencies from the use of innovative IT solutions.

### Business model

We are part of the global ExamWorks family, delivering a range of medical evidence services in the United Kingdom, North America, and Australia. ExamWorks was a New York Stock Exchange listed company until it was acquired by Leonard Green & Partners L.P. (a leading private equity investment firm) in July 2016. The size and financial stability of ExamWorks has enabled us to continually invest in secure and efficient IT infrastructure and deliver real value throughout the medical evidence process, with the development of innovative profitable customer solutions. Success is ultimately measured through the ongoing support from our client base.

UK Independent Medical is also considered a reliable and trusted partner to a number of private and public sector organisations. We have worked with various Professional Health Regulators in the provision of medical evidence for Fitness to Practice Committees.

To enable us to provide the above services, we host an experienced national panel of medical experts and specialist nurses, managed by an internal team who regularly audit our panel members from a variety of medical disciplines and ensure our clients are provided with the highest level of service. UK Independent Medical is part of a 2000+ strong workforce within the ExamWorks UK group which has annualised sales in excess of £250 million across a number of different segments.

The mission statement, 'Committed to Excellence', is based upon our goal of establishing invaluable and long term relationships with our clients by constantly exceeding their requirements and expectations with the delivery of our services in an efficient, proactive and attentive manner. The operation and administration of our office is subject to stringent service levels with all work handled on the day of receipt and telephone calls answered swiftly and deliberately without the use of a call queuing system.

### Results and performance

The results for the year show a profit before tax of £0.2m (2021: Profit of £0.1m). The shareholders' funds total £10.3m (2021: £10.2m).

Revenue increased by 2% from 2021 due to recovering instructions after the impact of COVID-19 coupled with a continued increase in occupational health revenue following diversification.

The Company's results and financial position are set out in the profit and loss account and balance sheet on pages 10 and 11.

Profit after tax was £153,777 (2021: £94,021) which has been transferred to reserves.

### Key performance indicators (KPI's)

	2022	2021
Gross medico legal instructions	27,751	29,486
Gross medico legal instructions / day (ave.)	111	117
Turnover (£'000)	11,397	11,124
Contribution Margin %	56%	52%
Gross Margin %	28%	30%
DSO (Days Sales Outstanding)	436	458
Daily cash collection (ave.) (£)	49,098	48,842

## Strategic report (continued)

### Principal risks and uncertainties

Following a review of the economy, the industry, and the business, we have identified what we consider to be the main areas of risk to the business.

Risk	Impact on Company	Mitigation of risk
Regretted attrition in senior management and key personnel	Loss of knowledge and expertise	Regular 121's, appraisals, 360 feedback, investors in people. Recruitment of a training and development lead. Development of individual training plans.
Loss of customers, either through poor service or to competitors.	Loss of turnover and profitability. Loss of credibility in the marketplace.	Regular account management visits. Regular feedback from the clients. Ongoing quality checking of operational processes.
Legal / MOJ reforms which change the industry / marketplace in which we operate	Loss of turnover and profitability.	Regular discussions with clients and keeping abreast on potential reforms.
Working capital requirements outweigh the ability to either generate cash or the failure to renew banking facilities.	Going concern issues created by not having the liquid resources to meet liabilities as they fall due and be able to sustain the business model.	Regular updating of cashflow forecasts and daily cash requirement reviews. Monthly review of client debt profiles. Monthly review of management accounts and the key drivers.

In an attempt to mitigate any generic risks, we adopt regular reviews of the entire business through a series of monthly meetings (executive & senior management).

### Financial risk management

The Group's principal financial instruments comprise bank balances, intercompany loans, trade debtors and trade creditors. The main purpose of these instruments is to finance the operations of the business.

The main risks arising from the Group's financial instruments are liquidity and interest rate risk. The liquidity risk is managed by maintaining a balance between the continuity of funding and the flexibility through the use of an unsecured, non-interest bearing intercompany loan. All of the cash balances held by the Group are held in such a way that achieves a competitive rate of interest. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

### Economic risks

As part of assessing the company's going concern, current economic risks were factored in to model the impact of inflation, higher interest rates, increased staff costs due to the rising costs of living and increased customer debt uncertainty, the results of which showed that even in the severe downside scenario of all those risks impacting the performance of the company at the same time, the business would still be profitable and cash generative.

Signed on behalf of the Board



PC Healey  
Director

Brenner House  
Rainton Bridge Business Park  
Houghton le Spring  
Tyne and Wear  
DH4 5RA

14 September 2023

## Directors' report

### Proposed dividend

The directors do not recommend the payment of a dividend (2021: £nil).

### Political contributions

The company made no political donations or incurred any political expenditure during the year (2021: £nil).

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Going Concern

The Company's financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons outlined below.

The Company has previously met its day to day working capital requirements through an invoice discounting facility that was included in the short term bank overdrafts (note 14) until the facility was repaid and terminated on 28 October 2021.

The day to day working capital requirements are now provided by the ultimate parent, ExamWorks Group Inc. In determining whether the company's financial statements for the year ended 31 December 2022 can be prepared on a going concern basis, the directors considered all factors likely to affect their future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities in the current economic climate.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which takes into account the possibility of continuing high inflationary pressure. These forecasts indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Exam Works Group Inc, to meet its liabilities as they fall due for that period.

These forecasts are dependent on Examworks UK Limited not seeking repayment of their long term borrowings due to the group.

Consequently, the company's ultimate parent, Examworks Group Inc. has indicated its intention to continue to make available such funds as are needed by the Examworks UK Limited group including the Company, and does not intend to seek repayment of the amounts due to the Examworks UK Limited group for the foreseeable future. Further to this, Examworks Group Inc has also indicated its intention to roll over the £240m of intercompany loans which mature in October 2023. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors have formed a judgement that there is a reasonable expectation that the company and the parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Civil Liability Act along with the associated whiplash reforms was implemented from 1 June 2021. There has been a reduction in instructions from the impact of this although it has not had a significant negative impact to the performance of the company.

## Directors' report *(continued)*

### Future developments

There is an ongoing focus to identify new opportunities that potentially bring significant future growth and profitability. As part of this focus, we believe that there are further public and private sector partner opportunities and see this as potentially a significant growth sector.

With this in mind, there is ongoing analysis of the Company's ability to achieve such growth through the continuous review of processes and systems, whereby we are always looking to drive additional shareholder value.

On behalf of the board



PC Healey  
*Director*

Brenner House  
Rainton Bridge Business Park  
Houghton le Spring  
Tyne and Wear  
DH4 5RA

14 September 2023

## Statement of directors' responsibilities in respect of the strategic report and the directors' report and

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



# Independent auditors' report to the members of UK Independent Medical Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, UK Independent Medical Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2022; Statement of Profit and Loss and Other Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK Tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations through fraud or error;
- Review of meeting minutes of those charged with governance;
- Review of legal expense accounts, assessing whether the nature of costs were indicative of non-compliance with laws and regulations;
- Testing journal entries meeting specific risk criteria, testing accounting estimates for indication of management bias, and evaluating the business rationale of any significant transactions outside the normal course of business; and
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

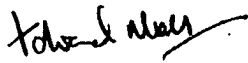
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
14 September 2023

**Profit and loss account**  
*for the year ended 31 December 2022*

	Note	2022 £	2021 £
Turnover	2	11,396,577	11,124,165
Cost of sales		(8,183,298)	(7,735,608)
<b>Gross profit</b>		<b>3,213,279</b>	<b>3,388,557</b>
Administrative expenses		(3,036,946)	(3,221,531)
Other operating income	3	-	56,518
<b>Operating profit</b>		<b>176,333</b>	<b>223,544</b>
Interest payable and similar expenses	7	(4)	(108,053)
<b>Profit before taxation</b>		<b>176,329</b>	<b>115,491</b>
Tax on profit	8	(22,552)	(21,470) *
<b>Profit for the financial year</b>		<b>153,777</b>	<b>94,021 *</b>

All results derive from continuing operations.

The accompanying notes form part of these financial statements.

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

**Balance sheet**  
*at 31 December 2022*

	Note	2022	2021
		£	£
<b>Fixed assets</b>			(*restated)
Intangible assets	9	6,362	12,542
Tangible assets	10	64,306	28,018
Investments	11	607	607
		<u>71,275</u>	<u>41,167</u>
<b>Current assets</b>			
Debtors (including £10,498,653 (2021: £10,460,037) due after more than one year)	12	16,006,915	16,793,977 *
Cash at bank and in hand		341,309	-
		<u>16,348,224</u>	<u>16,793,977 *</u>
Creditors: amounts falling due within one year	14	(6,094,306)	(6,663,728) *
<b>Net current assets</b>		<u>10,253,918</u>	<u>10,130,249 *</u>
<b>Total assets less current liabilities</b>		<u>10,325,193</u>	<u>10,171,416 *</u>
<b>Net assets</b>		<u>10,325,193</u>	<u>10,171,416 *</u>
<b>Capital and reserves</b>			
Called up share capital	15	105,300	105,300
Profit and loss account		10,219,893	10,066,116 *
<b>Total Shareholders' funds</b>		<u>10,325,193</u>	<u>10,171,416</u>

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

These financial statements on pages 11 to 12 were approved by the Board of Directors on 14 September 2023 and were signed on its behalf by:



**PC Healey**  
*Director*

Company registered number: 04530717

The accompanying notes form part of these financial statements.

## Statement of changes in equity

	Called up share capital	Profit and loss account	Total Shareholders' funds
	£	£	£
Balance at 1 January 2021	105,300	10,338,696	10,443,996
Restatement		(366,601)	(366,601)
Balance at 1 January 2021 (*restated)	105,300	9,972,095	10,077,393
<b>Total comprehensive income for the year</b>			
Profit for the financial year (*restated)	-	94,021	94,021
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year (*restated)</b>	-	94,021	94,021
Transactions with owners, recorded directly in equity	-	-	-
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2021 (*restated)</b>	<b>105,300</b>	<b>10,066,116</b>	<b>10,171,416</b>
	Called up share capital	Profit and loss account	Total Shareholders' funds
	£	£	£
Balance at 1 January 2022	105,300	10,066,116	10,171,416
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	153,777	153,777
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year (*restated)</b>	-	153,777	153,777
Transactions with owners, recorded directly in equity	-	-	-
Total contributions by and distributions to owners	-	-	-
<b>Balance at 31 December 2022</b>	<b>105,300</b>	<b>10,219,893</b>	<b>10,325,193</b>

The accompanying notes form part of these financial statements.

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

UK Independent Medical Services Limited (the "Company") is a private company, limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 04530717 and the registered address is Brenner House, Rainton Bridge Business Park, Houghton Le Spring, Tyne And Wear, DH4 5RA.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

#### *Basis of consolidation*

The Company's ultimate parent undertaking, ExamWorks Group Inc, includes the Company in its consolidated financial statements. On 1 November 2021, CVC Capital Partners ("CVC") acquired a majority interest in the ExamWorks group. The previous owners of ExamWorks, Leonard Green & Partners, L.P and GIC, retained significant equity stakes in the business alongside CVC.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ExamWorks UK Limited, include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

#### *Related parties*

The entity has taken advantage of the exemption within FRS 102.33 not to disclose related party transactions with entities that are part of the Examworks UK Limited group, as consolidated financial statements in which this company is included are publicly available.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The Company's financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons outlined below.

The Company has previously met its day to day working capital requirements through an invoice discounting facility that was included in the short term bank overdrafts (note 14) until the facility was repaid and terminated on 28 October 2021.

The day to day working capital requirements are now provided by the ultimate parent, ExamWorks Group Inc. In determining whether the company's financial statements for the year ended 31 December 2022 can be prepared on a going concern basis, the directors considered all factors likely to affect their future development, performance and financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities in the current economic climate.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which takes into account the possibility of continuing high inflationary pressure. These forecasts indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, through funding from its ultimate parent company, ExamWorks Group Inc, to meet its liabilities as they fall due for that period.

These forecasts are dependent on Examworks UK Limited not seeking repayment of their long term borrowings due to the group.

Consequently, the company's ultimate parent, Examworks Group Inc. has indicated its intention to continue to make available such funds as are needed by the Examworks UK Limited group including the Company, and does not intend to seek repayment of the amounts due to the Examworks UK Limited group for the foreseeable future. Further to this, Examworks Group Inc has also indicated its intention to roll over the £240m of intercompany loans which mature in October 2023. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors have formed a judgement that there is a reasonable expectation that the company and the parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Civil Liability Act along with the associated whiplash reforms was implemented from 1 June 2021. There has been a reduction in instructions from the impact of this although it has not had a significant negative impact to the performance of the company.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Furniture, fittings and equipment*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Fixtures and fittings - 33.33% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Intangible assets, goodwill and negative goodwill*

##### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill was re-evaluated by the directors at the date of transition to FRS 102, where a reliable useful life was unable to be determined. Therefore, an estimated useful life of 5 years from the date of transition has been applied, being less than the 10 year maximum life as dictated by FRS 102.

- The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### Impairment

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Employee benefits*

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**Notes (continued)**

**1 Accounting policies (continued)**

**Expenses**

**Operating lease**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

**Interest receivable and interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

**Government Grants**

During 2021, the Company claimed under the Coronavirus Job Retention Scheme for wages for a number of staff who were furloughed due to a reduction in instruction numbers. The costs reclaimed have been included in other operational income in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discount and exclusive of value added tax.

Turnover is recognised at the point when the instructed service is delivered to the customer where terms are agreed.

The Company makes some sales where the revenue is contingent on the outcome of a court case.

Turnover is shown net of waived fees. Amounts that have been waived are deducted from revenue and a provision is made for expected waives.

The direct costs associated with revenue are recognised on a consistent basis.

### 2 Turnover

	2022	2021
	£	£
<i>By activity -</i>		
Medico legal services	8,399,975	9,598,930
Pagination services	1,646,887	1,113,715
Occupational health services	1,349,715	363,520
Other	0	48,000
	<u>11,396,577</u>	<u>11,124,165</u>

All revenue is derived in the UK.

### 3 Other operating income

	2022	2021
	£	£
Government grants	-	56,518
	<u>-</u>	<u>56,518</u>

During 2021 the Company claimed under the Coronavirus Job Retention Scheme for wages for a number of staff who were furloughed due to a reduction in instruction numbers.

### 4 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2022	2021
	£	£
Impairment loss on trade debtors	41,255	204,863
<i>Auditors' remuneration:</i>	<u>£</u>	<u>£</u>
Audit of these financial statements	22,500	34,650
Amounts receivable by the auditor's and their associates in respect of:		
Other services relating to taxation	5,800	5,800
Tax compliance services	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 5 Remuneration of directors

	2022	2021
	£	£
Directors' emoluments	214,770	397,913
Company contributions to money purchase pension schemes	10,064	10,009
	<u>10,064</u>	<u>10,009</u>

The emoluments of the highest paid director were £127,202 (2021: £323,359) and company pension contributions of £4,533 (2021: £4,411) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to four directors (2021: three) under money purchase schemes.

The emoluments include those of Alan Ballard who was appointed as an additional Director on the 30th September 2022. Alan was previously employed by UKIM as a senior manager; the emoluments incorporate his remuneration from 30th September 2022 only.

**Notes (continued)**

**6 Staff numbers and costs**

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Management	9	5
Direct staff	85	75
Indirect staff	27	31
Finance staff	7	9
	<u>128</u>	<u>120</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	3,406,287	2,945,147
Social security costs	286,141	272,066
Other pension costs (see note 18)	100,574	102,031
	<u>3,793,002</u>	<u>3,319,244</u>

**7 Interest payable and similar expenses**

	2022	2021
	£	£
Interest payable on financial liabilities	<u>4</u>	<u>108,053</u>

**Notes (continued)**

**8 Tax on profit**

*Total tax (credit)/charge recognised in the profit and loss account*

	2022		2021 (*restated)	
	£	£	£	£
<i>Current tax</i>				
Current tax on income for the period	35,203		26,590	
Adjustments in respect of prior periods	-		-	
Double deduction/anti-hybrid legislation correction	-		18,572	
Group relief claimed	-		(26,590)	
<b>Total current tax</b>		<b>35,203</b>		<b>18,572</b>
<i>Deferred tax (see note 13)</i>				
Origination/reversal of timing differences	2,332		2,898	
Adjustments in respect of prior periods	(14,983)		-	
<b>Total deferred tax</b>		<b>(12,651)</b>		<b>2,898</b>
<b>Total tax</b>		<b>22,552</b>		<b>21,470</b>

**Reconciliation of effective tax rate**

	2022	2021
	£	£
<i>Current tax reconciliation</i>		
Profit for the year	153,777	112,593
Other comprehensive income	-	-
<b>Total tax (credit)/charge</b>	<b>22,552</b>	<b>2,898</b>
<b>Profit excluding taxation</b>	<b>176,329</b>	<b>115,491</b>
<b>Current tax at 19% (2021: 19%)</b>	<b>33,503</b>	<b>21,943</b>

*Effects of:*

Expenses not deductible for tax purposes	1,700	4,647
Adjustments in respect of prior periods	(14,983)	-
Origination/reversal of timing differences- deferred tax	2,332	2,898
Group relief claimed	-	(26,590)
Double deduction/anti-hybrid legislation correction	-	18,572
<b>Total tax (credit)/charge included in profit</b>	<b>22,552</b>	<b>21,470</b>

*Factors that may affect future current and total tax charges*

On 15 March the Chancellor of the Exchequer confirmed that the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. Accordingly, deferred tax has been calculated at the expected rate of 25% (2021: 25%).

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

**Notes (continued)**

**9 Intangible assets**

	Goodwill	Development Costs	Total
	£	£	£
<i>Cost</i>			
At 1 January 2022	69,246	400,206	469,452
Additions	-	-	-
At 31 December 2022	69,246	400,206	469,452
<i>Accumulated Amortisation</i>			
At 1 January 2022	69,246	387,664	456,910
Charged in year	-	6,180	6,180
At 31 December 2022	69,246	393,844	463,090
<i>Net book value</i>			
At 31 December 2022	-	6,362	6,362
At 31 December 2021	-	12,542	12,542

As part of a group reconstruction in the year ended 31 March 2008, the trade and net assets of UK Legal Imaging Services Limited, a subsidiary undertaking, were transferred to the company at their book value, which was less than their fair value. The cost of the company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets and goodwill at the time of acquisition. As a result of this transfer, the value of the company's investment in UK Legal Imaging Services Limited fell below the amount at which it was stated in the company's accounting records. The Companies Act requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account and it should instead be re-allocated to goodwill and identifiable net assets transferred, so as to recognise in the company's individual balance sheet the effective cost to the company of those net assets and goodwill. The effect of this departure was to increase the amount of goodwill by £69,246.



**Notes (continued)**

**10 Tangible assets**

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2022	1,592,868
Additions	72,415
At 31 December 2022	1,665,283
<i>Depreciation</i>	
At 1 January 2022	1,564,850
Charge for year	36,127
At 31 December 2022	1,600,977
<i>Net book value</i>	
At 31 December 2022	64,306
At 31 December 2021	28,018

**11 Investments**

	Shares in group undertakings £
<i>Cost</i>	
At 1 January 2022 and 31 December 2022	20,752
<i>Provisions</i>	
At 1 January 2022 and 31 December 2022	(20,145)
<i>Net book value</i>	
At 31 December 2022	607
At 31 December 2021	607

**Notes (continued)**

**11 Investments (continued)**

The Company has the following investments in subsidiaries all incorporated in England:

	Registered office address	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Axis Costs Limited	Brenner House, Rainton Bridge Business Park Houghton-le-Spring, DH4 5RA	Dormant	100% Ordinary
UK Legal Funding Solutions Limited	Brenner House, Rainton Bridge Business Park Houghton-le-Spring, DH4 5RA	Dormant	100% Ordinary
UK Legal Imaging Services Limited	Brenner House, Rainton Bridge Business Park Houghton-le-Spring, DH4 5RA	Dormant	100% Ordinary

**12 Debtors**

	2022 £	2021 £ (*restated)
Trade debtors	15,510,792	16,295,086
Corporation tax	-	-
Deferred tax (see note 13)	50,818	38,167
Other debtors	100,000	100,000
Prepayments and accrued income	345,305	360,724
	<u>16,006,915</u>	<u>16,793,977</u>

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

Trade debtors above are stated net of a provision in place for unrecoverable debts totalling £1,687,224 (2021: £2,119,982).

Other debtors above includes £100,000 (2021: £100,000) refundable bond, in line with MedCo compliance, which is not expected to be recovered in the 12 months following 31 December 2022.

	2022 £	2021 £
Due within one year	5,508,262	6,333,940
Due after more than one year	10,498,653	10,460,037
	<u>16,006,915</u>	<u>16,793,977</u>

**13 Deferred tax assets**

	Deferred taxation £
At 1 January 2022	38,167
Credit for the year (see note 8)	12,651
At 31 December 2022	<u>50,818</u>

The elements of deferred taxation are as follows:

	2022 £	2021 £
Accelerated capital allowances	50,818	38,167
Deferred tax asset	<u>50,818</u>	<u>38,167</u>

**Notes (continued)**

**14 Creditors: amounts falling due within one year**

	2022	2021
	£	£
Bank loans and overdraft	-	(*restated) 44,481
Trade creditors	2,052,997	2,097,395
Amounts owed to group undertakings	64,490	315,517
Corporation tax	402,874	367,671 *
Other taxation and social security	3,126,941	3,292,117
Other Creditors	195,162	243,739
Accruals and deferred income	251,842	302,808
	<u>6,094,306</u>	<u>6,663,728</u>

\*Please see note 22 for further details of the restatement for the year ended 31 December 2021.

**15 Called up share capital**

	2022	2021
	£	£
<i>Allotted, called up and fully paid</i>		
105,300 (2021: 105,300) ordinary shares of £1 each	105,300	105,300
Shares classified in shareholders' funds	<u>105,300</u>	<u>105,300</u>

**16 Financial instruments**

**16 (a) Carrying amount of financial instruments**

There is no difference between the carrying amount and fair value of the company's financial instruments.

**Notes (continued)**

**17 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	2022	2021
	Land and buildings	Land and buildings
	£	£
Less than one year	129,247	165,148
Between one and five years	560,068	43,082
	<u>689,315</u>	<u>208,230</u>

During the year £231,764 was recognised as an expense in the profit and loss account in respect of leases (2021: £214,344).

**18 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £100,574 (2021: £102,031).

Contributions amounting to £39,474 (2021: £36,293) were payable to the scheme at the year end and are included in creditors.

**19 Ultimate parent company and parent undertaking of larger group**

The Company is a subsidiary undertaking of ExamWorks UK Limited, a company registered in England and Wales. ExamWorks Group, Inc. (ExamWorks Group) is the ultimate corporate shareholder of ExamWorks UK Limited. Electron (U.S.) I LP (limited partnership registered in Delaware (USA)) (LP) is the ultimate limited partner put in place as part of the "private equity" ownership structure of ExamWorks Group. The LP is not an operating entity. ExamWorks Group and its subsidiaries (including ExamWorks UK Limited and PSL) are indirectly 100% owned by the LP which is controlled by its Board of Managers.

The limited partners directly or indirectly holding 5% or more of the Class A Units of the LP are funds advised and / or managed by CVC Capital Partners and its co-investors, Leonard Green & Partners funds and Viggo Investment Pte Ltd, an affiliate of GIC Pte. Ltd.

The largest UK group in which the results are consolidated in is ExamWorks UK Limited, which can be found at its registered address: Premex House, Furura Park, Horwich, Bolton, BL6 6SX.

**20 Accounting estimates and judgements**

*Key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

*Debtors*

The Company establishes an estimate for a bad debt provision through an impairment test of trade debtors, resulting in an impairment loss.

There is objective evidence to suggest that such a review is required, based upon historic sampling of collections, breaches of contract, changes in the legal environment, and commercial / contractual waivers.

The impairment is based upon the application of a calculated historic bad debt write off percentage against the value of the debtor book, and is then assessed for appropriateness against any known current issues.

**21 Subsequent events**

There are no significant subsequent events to note.

**22 Prior year adjustment**

The financial statements for the year ended 31 December 2021 have been adjusted to restate the tax charge in relation to a double deduction and anti-hybrid legislation correction for the years ended 31 December 2019 and 2021. The impact of this prior year adjustment is an additional tax charge of £366,601 in 2019 and £18,572 in 2021.

Tax on profit was previously reported as £2,898 for the period ended 31 December 2021 and was restated by an amount of £18,572.