

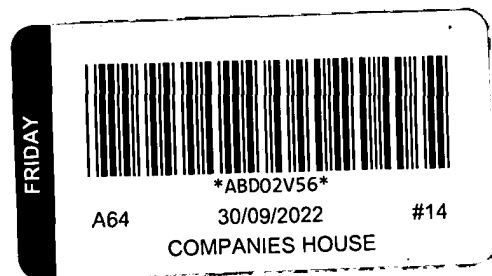
Evolution Claims Management Limited

Unaudited Financial Statements

Year Ended

31 December 2021

Company Number 09680685



Evolution Claims Management Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Evolution Claims Management Limited For the Year Ended 31 December 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Evolution Claims Management Limited for the year ended 31 December 2021 which comprise the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

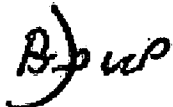
As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z..>

It is your duty to ensure that Evolution Claims Management Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of Evolution Claims Management Limited. You consider that Evolution Claims Management Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Evolution Claims Management Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of Directors of Evolution Claims Management Limited, as a body, in accordance with the terms of our engagement letter dated 27 July 2022. Our work has been undertaken solely to prepare for your approval the accounts of Evolution Claims Management Limited and state those matters that we have agreed to state to the board of Directors of Evolution Claims Management Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Evolution Claims Management Limited and its board of Directors as a body for our work or for this report.



BDO LLP
Birmingham
United Kingdom

Date: 29 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Evolution Claims Management Limited

Registered number:09680685

Statement of Financial Position As at 31 December 2021

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Intangible assets	4		11,941		25,560
Tangible assets	5		10,109		14,636
			<u>22,050</u>		<u>40,196</u>
Current assets					
Debtors: amounts falling due within one year	6	2,057,155		1,724,807	
Cash at bank and in hand		15,857		375,618	
		<u>2,073,012</u>		<u>2,100,425</u>	
Creditors: amounts falling due within one year	7	(2,717,021)		(2,833,761)	
Net current liabilities			<u>(644,009)</u>		<u>(733,336)</u>
Total assets less current liabilities			<u>(621,959)</u>		<u>(693,140)</u>
Net liabilities			<u>(621,959)</u>		<u>(693,140)</u>
Capital and reserves					
Called up share capital	9		897,184		897,184
Profit and loss account			(1,519,143)		(1,590,324)
			<u>(621,959)</u>		<u>(693,140)</u>

Evolution Claims Management Limited

Registered number:09680685

Statement of Financial Position (continued) As at 31 December 2021

The Directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N Munn
Director

Date: 29/09/22

The notes on pages 5 to 11 form part of these financial statements.

Evolution Claims Management Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021 (as previously stated)	897,184	(1,688,402)	(791,218)
Prior year adjustment	-	98,078	98,078
At 1 January 2021 (as restated)	897,184	(1,590,324)	(693,140)
Comprehensive income for the year			
Profit for the year	-	71,181	71,181
Total comprehensive income for the year	-	71,181	71,181
At 31 December 2021	897,184	(1,519,143)	(621,959)

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020 (as previously stated)	897,184	(1,530,545)	(633,361)
Prior year adjustment	-	99,997	99,997
At 1 January 2020 (as restated)	897,184	(1,430,548)	(533,364)
Comprehensive income for the year			
Loss for the year	-	(159,776)	(159,776)
Total comprehensive income for the year	-	(159,776)	(159,776)
At 31 December 2020	897,184	(1,590,324)	(693,140)

The notes on pages 5 to 11 form part of these financial statements.

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Evolution Claims Management Limited (Registered number 09680685) presents its financial statements for the year ended 31 December 2021.

The Company is a private company, limited by shares and incorporated in England & Wales under the Companies Act. The address of its registered office is Trigate 210-222 Hagley Road West, Oldbury, Birmingham, West Midlands, England, B68 0NP.

The principal activity of the Company is managing insurance claims.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. The financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors consider the going concern basis to be appropriate because the Company have prepared cashflow forecasts for 12 months based on current trading conditions which show that the Company will continue to be cash positive throughout the period. In the event that further funding is required, the current investors have indicated their willingness and ability to introduce further cash into the business.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Computer software	-	Over 3 years
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2.9 Tangible fixed assets

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight-line and reducing balance basis methods.

The estimated useful lives range as follows:

Long-term leasehold property	-	3 years straight-line
Fixtures and fittings	-	4 years reducing balance basis
Computer equipment	-	3 years straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Amounts recoverable on claims in progress are stated at the expected recoverable value.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. Employees

The average monthly number of employees, including directors, during the year was 18 (2020 - 18).

4. Intangible assets

	Computer software £
Cost	
At 1 January 2021	46,355
Additions	2,112
At 31 December 2021	48,467
Amortisation	
At 1 January 2021	20,795
Charge for the year on owned assets	15,731
At 31 December 2021	36,526
Net book value	
At 31 December 2021	11,941
At 31 December 2020	25,560

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	21,910	3,963	31,123	56,996
Additions	-	-	6,566	6,566
At 31 December 2021	21,910	3,963	37,689	63,562
Depreciation				
At 1 January 2021	16,675	2,942	22,743	42,360
Charge for the year on owned assets	5,235	255	5,603	11,093
At 31 December 2021	21,910	3,197	28,346	53,453
Net book value				
At 31 December 2021	-	766	9,343	10,109
At 31 December 2020	5,235	1,021	8,380	14,636

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Long leasehold	-	5,235

6. Debtors

	2021 £	As restated 2020 £
Claims in progress	1,029,609	883,574
Trade debtors	448,227	518,181
Other debtors	237,721	272,123
Prepayments and accrued income	33,185	50,929
Deferred taxation	308,413	-
	2,057,155	1,724,807

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Creditors: Amounts falling due within one year

	2021 £	As restated 2020 £
Trade creditors	1,230,616	1,470,104
Other taxation and social security	65,353	102,460
Other creditors	222,982	258,577
Accruals and deferred income	1,198,070	1,002,620
	<u>2,717,021</u>	<u>2,833,761</u>

8. Deferred taxation

	2021 £
Credited to profit or loss	308,413
At end of year	<u>308,413</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Tax losses carried forward	<u>308,413</u>	<u>-</u>

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
122,680 Ordinary A shares of £0.01 each	1,227	1,227
8,000 Ordinary B shares of £0.01 each	80	80
895,877 Preference shares of £1.00 each	895,877	895,877
	<u>897,184</u>	<u>897,184</u>

The Ordinary A and B shares have equal voting rights and have equal rights to declared dividends and other distributions after preference shares.

The preference shares have no voting rights and no right to dividends. These shares have been classified as share capital in accordance with FRS 102 as the Company can redeem at par at anytime.

Evolution Claims Management Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

10. Prior year adjustment

The number and value of claims in progress increased during the year. Consequently, management took the view that the value of work in progress at the year end was material and decided to recognise a proportion of the revenue and cost relating to claims in progress at the year end in the profit & loss account for the year. The company has recognised £1,029,609 of accrued revenue and £892,559 of accrued costs as at 31 December 2021 for claims in progress. To apply consistent accounting treatment any claims outstanding at previous period ends should be accrued for. The impact on the comparative figures for 31 December 2020 is to decrease turnover by £17,291 and cost of sales by £15,372, increase accrued income by £883,574 and accrued costs by £785,496, and decrease the losses brought forward by £98,078. Tax losses available to the company means there is no tax impact of the above adjustment.

11. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,646 (2020 - £8,442). Contributions totalling £3,555 (2020 - £2,875) were payable to the fund at the Statement of Financial Position date and are included in creditors.

12. Related party transactions

As at 31 December 2021, Evolution Claims Management Limited owed £42,854 (2020 - £42,854) to the Directors. The amount outstanding at the year end is unpaid interest and as such is not incurring further interest. The amounts borrowed attract a 6% over 3 month LIBOR rate of interest and are repayable on demand.