

Company Registration No. 06092127 (England and Wales)

EVOLUTION INSURANCE SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

EVOLUTION INSURANCE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr W Bidwell
Secretary	Mrs S Bidwell
Company number	06092127
Registered office	53A High Street Saffron Walden Essex CB10 1AA
Auditor	Humphrey & Co Audit Services Ltd 7-9 The Avenue Eastbourne East Sussex BN21 3YA

EVOLUTION INSURANCE SOLUTIONS LIMITED

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EVOLUTION INSURANCE SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company continued to be that of insurance brokers.

Review of the business

The company has continued to trade profitably during the COVID-19 pandemic. The construction industry has continued to operate and staff have been able to work from home effectively. Staff, brokers and clients have been very supportive throughout the pandemic and the director expects the company to emerge strongly from this challenging period.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W Bidwell

Auditor

The auditor, Humphrey & Co Audit Services Ltd, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr W Bidwell

Director

19 March 2021

EVOLUTION INSURANCE SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EVOLUTION INSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EVOLUTION INSURANCE SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Evolution Insurance Solutions Limited (the 'company') for the year ended 30 June 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

EVOLUTION INSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EVOLUTION INSURANCE SOLUTIONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

EVOLUTION INSURANCE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EVOLUTION INSURANCE SOLUTIONS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Andrew Robinson (Senior Statutory Auditor)
For and on behalf of Humphrey & Co Audit Services Ltd

24 March 2021

Chartered Accountants
Statutory Auditor

7-9 The Avenue
Eastbourne
East Sussex
BN21 3YA

EVOLUTION INSURANCE SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	3	794,094	1,298,980
Cost of sales		(183,912)	(233,639)
Gross profit		610,182	1,065,341
Administrative expenses		(626,234)	(1,074,063)
Other operating income		7,532	-
Operating loss	4	(8,520)	(8,722)
Interest receivable and similar income	7	26,393	17,577
Amounts written off investments	8	(5,891)	-
Profit before taxation		11,982	8,855
Tax on profit	9	(12,555)	(6,658)
(Loss)/profit for the financial year		(573)	2,197

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EVOLUTION INSURANCE SOLUTIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	£	£
(Loss)/profit for the year	(573)	2,197
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(573)</u>	<u>2,197</u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	11		19,353		33,746
Investments	12		48,869		23,116
			<u>68,222</u>		<u>56,862</u>
Current assets					
Stocks	13	25,186		27,858	
Debtors	14	123,318		134,290	
Cash at bank and in hand		146,146		150,491	
		<u>294,650</u>		<u>312,639</u>	
Creditors: amounts falling due within one year	15	(45,653)		(53,457)	
Net current assets			<u>248,997</u>		<u>259,182</u>
Total assets less current liabilities			317,219		316,044
Creditors: amounts falling due after more than one year	16		-		(1,651)
Provisions for liabilities					
Deferred tax liability	18	8,221	(8,221)	4,822	(4,822)
Net assets			<u>308,998</u>		<u>309,571</u>
Capital and reserves					
Called up share capital	20		100,000		100,000
Profit and loss reserves			208,998		209,571
Total equity			<u>308,998</u>		<u>309,571</u>

The financial statements were approved and signed by the director and authorised for issue on 19 March 2021

Mr W Bidwell
Director

Company Registration No. 06092127

EVOLUTION INSURANCE SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 July 2018		100,000	327,374	427,374
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	2,197	2,197
Dividends	10	-	(120,000)	(120,000)
Balance at 30 June 2019		100,000	209,571	309,571
Year ended 30 June 2020:				
Loss and total comprehensive income for the year		-	(573)	(573)
Balance at 30 June 2020		100,000	208,998	308,998

EVOLUTION INSURANCE SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	19,546	32,738
Income taxes paid		(8,073)	(41,566)
Net cash inflow/(outflow) from operating activities		11,473	(8,828)
Investing activities			
Purchase of tangible fixed assets		(600)	(7,428)
Proceeds on disposal of investments		(25,659)	4,463
Receipts arising from loans made		(16,000)	-
Interest received		26,393	17,577
Net cash (used in)/generated from investing activities		(15,866)	14,612
Financing activities			
Dividends paid		-	(120,000)
Net cash used in financing activities		-	(120,000)
Net decrease in cash and cash equivalents		(4,393)	(114,216)
Cash and cash equivalents at beginning of year		150,491	264,707
Cash and cash equivalents at end of year		146,098	150,491
Relating to:			
Cash at bank and in hand		146,146	150,491
Bank overdrafts included in creditors payable within one year		(48)	-

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Evolution Insurance Solutions Limited (Company Registration No: 06092127) is a private company limited by shares incorporated in England and Wales. The registered office is 53A High Street, Saffron Walden, Essex, CB10 1AA.

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.

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 have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has continued to trade profitably during the COVID-19 pandemic. The construction industry has continued to operate and staff have been able to work from home effectively.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably.

1.4 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:

Land and buildings leasehold	20% straight line
Fixtures, fittings & equipment	25% reducing balance
Computer equipment	25% reducing balance

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.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 Stocks

Stocks comprises of work in progress which is valued at the net realisable value.

At each reporting date, an assessment of policies issued in draft awaiting customer confirmation is made. Commissions payable on the policies where take up is expected are included as work in progress in the accounts. Work in progress is reviewed and amended up and until the Balance Sheet signing date.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 balance sheet 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.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

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 rate 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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 profit and loss account 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.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by material timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of the director. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Other debtors

Included within other debtors are loans granted through a peer to peer lending platform. A key area of judgement is whether there is any impairment on the recoverability of the loans.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives, and when appropriate, taking into account their residual values. The useful lives and residual values are reassessed on an annual basis.

When assessing the useful life of an asset, factors that are considered among others, include maintenance undertaken and technological advances.

When assessing the residual value of an asset, factors that are considered among others, are the market for the second hand item and projected values.

The carrying amount of these assets at the balance sheet date is £19,353 (2019: £33,746).

Work in progress

Work in progress is based on commission payable on policies issued in draft prior to the year end but not yet taken up by the customer.

The company continues to review the take up of these policies until the Balance Sheet signing date and adjustments to the work in progress figure are made when required. Confirmation of take up may not occur until after the date the Balance Sheet is signed.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Commission and fees receivable	529,150	715,153
IPT handling fee	6,000	6,000
Other	258,944	577,827
	<u>794,094</u>	<u>1,298,980</u>

	2020 £	2019 £
Other significant revenue		
Interest income	26,393	17,577
Grants received	7,532	-
	<u>33,925</u>	<u>17,577</u>

	2020 £	2019 £
Turnover analysed by geographical market		
UK	794,094	1,283,077
Ireland	-	15,298
Italy	-	605
	<u>794,094</u>	<u>1,298,980</u>

4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	1,693	62
Government grants	(7,532)	-
Depreciation of owned tangible fixed assets	14,993	20,071
Operating lease charges	26,628	39,240
	<u>35,782</u>	<u>59,373</u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6,000	6,000
For other services		
Other assurance services	3,000	2,940
Taxation compliance services	1,600	1,800
All other non-audit services	8,242	7,695
	<u>12,842</u>	<u>12,435</u>

6 Employees

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

	2020	2019
	Number	Number
Management	2	4
Bond	3	5
Warranty	1	1
Administration	1	4
Claims handling	1	1
Total	<u>8</u>	<u>15</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	364,496	655,759
Social security costs	39,417	69,875
Pension costs	6,201	7,784
	<u>410,114</u>	<u>733,418</u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7	Interest receivable and similar income	2020	2019
		£	£
	Interest income		
	Interest on bank deposits	22,147	9,965
	Other interest income	4,246	2,362
		<u>26,393</u>	<u>12,327</u>
	Total interest revenue	26,393	12,327
	Other income from investments		
	Gains on financial instruments measured at fair value through profit or loss	-	5,250
		<u>26,393</u>	<u>17,577</u>
	Total income	26,393	17,577
		<u><u>26,393</u></u>	<u><u>17,577</u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	22,147	9,965
	Gains on financial assets measured at fair value through profit or loss	-	5,250
		<u>22,147</u>	<u>15,215</u>
		<u><u>22,147</u></u>	<u><u>15,215</u></u>
8	Amounts written off investments	2020	2019
		£	£
	Fair value gains/(losses) on financial instruments		
	Change in value of financial assets held at fair value through profit or loss	(5,985)	-
	Other gains/(losses)		
	Gain on disposal of fixed asset investments	94	-
		<u>(5,891)</u>	<u>-</u>
		<u><u>(5,891)</u></u>	<u><u>-</u></u>
9	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	9,156	8,073
		<u>9,156</u>	<u>8,073</u>
	Deferred tax		
	Origination and reversal of timing differences	3,399	(1,415)
		<u>3,399</u>	<u>(1,415)</u>
	Total tax charge	12,555	6,658
		<u><u>12,555</u></u>	<u><u>6,658</u></u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	11,982	8,855
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,277	1,682
Tax effect of expenses that are not deductible in determining taxable profit	6,879	4,987
Gains not taxable	-	(997)
Timing differences on the taxation of fixed assets	3,399	986
Taxation charge for the year	12,555	6,658

10 Dividends

	2020 £	2019 £
Interim paid	-	120,000

11 Tangible fixed assets

	Land and buildings leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 July 2019	58,345	36,708	35,335	130,388
Additions	-	-	600	600
At 30 June 2020	58,345	36,708	35,935	130,988
Depreciation and impairment				
At 1 July 2019	49,804	25,326	21,512	96,642
Depreciation charged in the year	8,541	2,846	3,606	14,993
At 30 June 2020	58,345	28,172	25,118	111,635
Carrying amount				
At 30 June 2020	-	8,536	10,817	19,353
At 30 June 2019	8,541	11,382	13,823	33,746

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Fixed asset investments

	2020 £	2019 £
Listed investments	45,428	-
Unlisted investments	3,441	23,116
	<u>48,869</u>	<u>23,116</u>
Listed investments included above:		
Listed investments carrying amount	<u>45,428</u>	<u>-</u>

Fixed asset investments not carried at market value

The basis of determining the value of unlisted investments is at original cost less impairment as the fair values of these cannot be reliably measured.

The investment is valued at the amount determined by the independent fund managers.

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 July 2019	23,116
Additions	56,894
Valuation changes	(6,486)
Disposals	(24,655)
	<u>48,869</u>
At 30 June 2020	
Carrying amount	
At 30 June 2020	<u>48,869</u>
At 30 June 2019	<u>23,116</u>

13 Stocks

	2020 £	2019 £
Work in progress	<u>25,186</u>	<u>27,858</u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

14 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	48,826	41,961
Other debtors	68,598	84,147
Prepayments and accrued income	5,894	8,182
	<u>123,318</u>	<u>134,290</u>

Other debtors includes £31,728 (2019 - £58,584) due to the company after more than one year.

15 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	17	48	-
Trade creditors		7,761	20,785
Corporation tax		9,156	8,073
Other creditors		1,718	1,580
Accruals and deferred income		26,970	23,019
		<u>45,653</u>	<u>53,457</u>

16 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	-	1,651
	<u>-</u>	<u>1,651</u>

17 Loans and overdrafts

	2020	2019
	£	£
Bank overdrafts	48	-
	<u>48</u>	<u>-</u>
Payable within one year	48	-
	<u>48</u>	<u>-</u>

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	8,221	4,822
	<u>8,221</u>	<u>4,822</u>
Movements in the year:		2020 £
Liability at 1 July 2019		4,822
Charge to profit or loss		3,399
		<u>8,221</u>
Liability at 30 June 2020		<u>8,221</u>

In the 12 months after the balance sheet date, £919 (2019: £2,848) of the deferred tax liability set out above is expected to reverse in relation to accelerated capital allowances.

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,201	7,784
	<u>6,201</u>	<u>7,784</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and fully paid				
ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Each ordinary share is entitled to one vote in any circumstance, pari passu to dividends or other distributions and pari passu to participate in a distribution on winding up.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

21 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	6,331	27,000
Between two and five years	-	6,331
	<u>6,331</u>	<u>33,331</u>

The company is party to two separate leases for its premises.

The term of the first lease commenced on 1 October 2010 and finishes on 30 September 2025, with a break clause on 30 September 2020. The figures include operating lease obligations up to this break clause.

The term of the second lease commenced on 13 January 2016 and finishes on 30 September 2020. There are no break clauses in this lease, therefore, the full operating lease obligations are included above.

FRS 102 requires lease incentives to be recognised over the term of the lease. The above figures do not include the recognition of the lease incentive as they show the full amount that the company is obligated to pay.

Lease payments totalling £26,628 (2019: £39,240) were recognised as an expense in the year.

22 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 33 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

23 Director's transactions

Interest free loans have been granted by the company to its director as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Mr W Bidwell -	-	-	10,015	10,015
		<u>-</u>	<u>10,015</u>	<u>10,015</u>

The balance of the director's overdrawn loan account has been repaid on 24 December 2020.

EVOLUTION INSURANCE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

24 Ultimate controlling party

Evolution Holdings (Guernsey) Limited, a company registered in Guernsey, is the ultimate parent company. Its registered office is Town Mills, Rue Du Pre, St Peter Port, GY1 6HS, Guernsey.

25 Cash generated from operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(573)	2,197
Adjustments for:		
Taxation charged	12,555	6,658
Investment income	(26,393)	(17,577)
Depreciation and impairment of tangible fixed assets	14,993	20,071
Gain on sale of investments	(94)	-
Amounts written off investments	5,985	-
Movements in working capital:		
Decrease in stocks	2,672	10,120
Decrease in debtors	20,987	4,231
(Decrease)/increase in creditors	(10,586)	7,038
Cash generated from operations	19,546	32,738

26 Analysis of changes in net funds

	1 July 2019 £	Cash flows £	30 June 2020 £
Cash at bank and in hand	150,491	(4,345)	146,146
Bank overdrafts	-	(48)	(48)
	<u>150,491</u>	<u>(4,393)</u>	<u>146,098</u>

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.