

Company Registration No. 09501915 (England and Wales)

CMME GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2021



CMME GROUP LIMITED

COMPANY INFORMATION

Directors	S Panchal M Coshott C Heavens A Strong
Company number	09501915
Registered office	2 Glass Wharf Bristol England BS2 0FR
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU
Business address	3 Turnberry House 4400 Parkway Whiteley Fareham Hampshire PO15 7FJ
Bankers	Santander UK plc 2nd Floor 103 Commercial Road Portsmouth Hampshire PO1 1BG

CMME GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present the strategic report for the year ended 28 February 2021.

Fair review of the business

The business conducted by the group is intermediation of mortgage, protection, and wealth management services to independent professionals.

While CMME Group Limited is the ultimate parent company, its directors manage the operations of the subsidiaries on a daily basis.

Results and performance

The result of the group for the financial year ended 28 February 2021 shows revenue of £5,640,692 (2020: £8,763,618) and EBITDA of £33,890 (2020: £2,476,418). The significant EBITDA reduction was the result of the Covid 19 pandemic but with the impact being minimised through effective cost and cashflow management. As at 28 February 2021, the group had net liabilities of £12,279,143 (2020: net liabilities of £8,399,785). The Company has, subsequent to the year end, agreed additional funding support and the directors have reviewed the cashflow projections and consider there is sufficient working capital available to the group to be able to meet liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. Trading conditions in the housing market have improved and the additional funding allows the Group to continue to trade effectively under low case-scenarios. Accordingly, the directors therefore consider it is appropriate to prepare the financial statements on a going concern basis. Shares in CMME Group Limited with a nominal value totalling £4,185 were purchased for £697 and cancelled during the year. Shares with a nominal value of £696 were issued during the year.

Business environment

Mortgage lending was broadly flat across the year to 29 February 2020. Mortgage lending fell sharply in early 2020 as a consequence of the Covid pandemic increasing the levels of uncertainty in the market but moved into positive growth from Q3, helped in part by concessions on stamp duty that were announced in July 2020. In the year to 28 February 2021 mortgage lending was lower year-on-year by approximately 8% but with growth accelerating from March 2021, market expectations for 2021/22 are that lending levels return to those observed pre-Covid or better.

Principal risks and uncertainties

The principal risks and uncertainties are as follows:

Strategic and commercial risk

The group operates in a cyclical market subject to economic fluctuation. The risk is mitigated by robust strategy and financial planning, continuous monitoring of economic and competitive environment through staying close to macroeconomic data, suppliers and customers and ongoing optimisation of the operating platform.

Financial risk

There is the risk of inadequate cash to meet operating and debt service requirements. The risk is mitigated by proactive management of cash flow with monthly reporting to the Board.

Operational risk

There is the risk of business disruption through failure of key systems or processes, or during the implementation of new operational capabilities. This risk is mitigated through business-continuity planning and the Covid-19 impact has demonstrated the ability of the business to rapidly respond to operational challenges and the resilience in the IT and telephony systems for remote working. During the year a strategic upgrade was made to the IT infrastructure to further improve the resilience and this investment programme is continuing during 2021.

Regulatory risk

There is the risk of regulatory sanctions and loss of reputation suffered because of non-compliance with laws, regulations, and applicable administrative provisions. This risk is mitigated by pro-active relationship with the Financial Conduct Authority, a dedicated compliance function headed by a compliance director, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the group to reduce the risk of errors and non-compliance.

CMME GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

On behalf of the board



.....
M Coshott
Director

Date: 25 November 2021
.....

CMME GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their annual report and financial statements for the year ended 28 February 2021.

Principal activities

The principal activity of the group during the year was the intermediation of specialist mortgage, protection and wealth management services to independent professionals. The principal activity of the company is that of a holding company.

Directors

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

S Singh	(Resigned 31 May 2020)
T Kang	(Resigned 11 June 2020)
P Clarke	(Resigned 25 September 2020)
S Panchal	(Appointed 25 September 2020)
M Coshott	
C Heavens	(Appointed 9 November 2020)
A Strong	

Results and dividends

The results for the year are set out on page 8. There were no dividends paid in the current or prior financial year.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006, information in respect of business activities, risks and uncertainties and future developments of the business have been included within the strategic report on pages 1-2.

On behalf of the board



.....
M Coshott
Director

Date: 25 November 2021
.....

CMME GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors are responsible for preparing the Strategic Report and 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 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 group and the company, and of the profit or loss of the group for that period. In preparing each of the group and company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CMME GROUP LIMITED

Opinion

We have audited the financial statements of CMME Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 group's and of the parent company's affairs as at 28 February 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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

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.

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 group's or the parent'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.

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

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CMME GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 group's and the parent 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud as defined in ISA 250B: having obtained an understanding of the effectiveness of the control environment.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CMME GROUP LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, internal procedures manuals, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the regulatory conditions for authorisation and other regulatory obligations.

The group audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing the recognition of revenue transactions either side of the year-end.

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.

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.

Perry Linton

Perry Linton FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU
29/11/21.....

CMME GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	2021 £	2020 £
Turnover	3	5,640,692	8,763,618
Cost of sales		(97,959)	(223,837)
Gross profit		<u>5,542,733</u>	<u>8,539,781</u>
Administrative expenses		(8,767,550)	(11,736,974)
Other operating income		185,174	-
Operating loss	6	<u>(3,039,643)</u>	<u>(3,197,193)</u>
Interest receivable and similar income		5,677	4,648
Interest payable and similar expenses	8	(1,371,526)	(1,382,850)
Loss before taxation		<u>(4,405,492)</u>	<u>(4,575,395)</u>
Tax on loss	9	526,135	670,622
Loss for the financial year		<u><u>(3,879,357)</u></u>	<u><u>(3,904,773)</u></u>

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

CMME GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	10		-		490,642
Other intangible assets	10		235,142		2,407,669
Total intangible assets			235,142		2,898,311
Tangible assets	11		70,691		54,600
			305,833		2,952,911
Current assets					
Debtors	14	637,564		755,277	
Cash at bank and in hand		1,222,818		2,477,294	
			1,860,382		3,232,571
Creditors: amounts falling due within one year	15	(1,621,145)		(2,042,047)	
Net current assets			239,237		1,190,524
Total assets less current liabilities			545,070		4,143,435
Creditors: amounts falling due after more than one year	16	(12,451,892)		(11,767,466)	
Provisions for liabilities	18	(372,321)		(775,754)	
Net liabilities			(12,279,143)		(8,399,785)
Capital and reserves					
Called up share capital	21	38,413		42,471	
Share premium account	22	9,869,881		9,869,881	
Capital redemption reserve	22	10,557		6,500	
Profit and loss reserves	22	(22,197,994)		(18,318,637)	
Total equity			(12,279,143)		(8,399,785)

The financial statements were approved by the board of directors and authorised for issue on 25th November 2021 and are signed on its behalf by:

C Heavens

C Heavens
Director

CMME GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 28 FEBRUARY 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	10	-		10,271	
Tangible assets	11	48,618		11,063	
Investments	12	16,800,000		16,800,000	
		<u>16,848,618</u>		<u>16,821,334</u>	
Current assets					
Debtors	14	14,468		16,909	
Cash at bank and in hand		106,753		22,522	
		<u>121,221</u>		<u>39,431</u>	
Creditors: amounts falling due within one year	15	(5,543,928)		(4,368,068)	
Net current liabilities		<u>(5,422,707)</u>		<u>(4,328,637)</u>	
Total assets less current liabilities		<u>11,425,911</u>		<u>12,492,697</u>	
Creditors: amounts falling due after more than one year	16	(12,451,892)		(11,767,466)	
Net (liabilities)/assets		<u>(1,025,981)</u>		<u>725,231</u>	
Capital and reserves					
Called up share capital	21	38,413		42,471	
Share premium account	22	9,869,881		9,869,881	
Capital redemption reserve	22	10,557		6,500	
Profit and loss reserves	22	(10,944,832)		(9,193,621)	
Total equity		<u>(1,025,981)</u>		<u>725,231</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,751,211 (2020 - £1,715,480 loss).

The financial statements were approved by the board of directors and authorised for issue on 25th November 2021 and are signed on its behalf by:

C Heavens

C Heavens
Director

CMME GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2021

		Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2019		44,883	213,025	6,500	(14,413,864)	(14,149,456)
Year ended 29 February 2020:						
Loss and total comprehensive income for the year		-	-	-	(3,904,773)	(3,904,773)
Issue of share capital		4,910	-	-	-	4,910
Reduction of shares	21	(7,322)	-	-	-	(7,322)
Other movements		-	9,656,856	-	-	9,656,856
Balance at 29 February 2020		42,471	9,869,881	6,500	(18,318,637)	(8,399,785)
Year ended 28 February 2021:						
Loss and total comprehensive income for the year		-	-	-	(3,879,357)	(3,879,357)
Issue of share capital	21	127	569	-	-	696
Redemption of shares	21	(4,185)	(569)	4,057	-	(697)
Balance at 28 February 2021		38,413	9,869,881	10,557	(22,197,994)	(12,279,143)

CMME GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2021

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 March 2019		44,883	213,025	6,500	(7,478,141)	(7,213,733)
Year ended 29 February 2020:						
Loss and total comprehensive income for the year		-	-	-	(1,715,480)	(1,715,480)
Issue of share capital		4,910	-	-	-	4,910
Reduction of shares	21	(7,322)	-	-	-	(7,322)
Other		-	9,656,856	-	-	9,656,856
Balance at 29 February 2020		42,471	9,869,881	6,500	(9,193,621)	725,231
Year ended 28 February 2021:						
Loss and total comprehensive income for the year		-	-	-	(1,751,211)	(1,751,211)
Issue of share capital	21	127	569	-	-	696
Redemption of shares	21	(4,185)	(569)	4,057	-	(697)
Balance at 28 February 2021		38,413	9,869,881	10,557	(10,944,832)	(1,025,981)

CMME GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(711,027)		1,417,839
Interest paid			(104,301)		(157,477)
Income taxes refunded			90,049		88
Net cash (outflow)/inflow from operating activities			(725,279)		1,260,450
Investing activities					
Purchase of intangible assets		(87,704)		(44,880)	
Purchase of tangible fixed assets		(65,669)		(9,786)	
Proceeds on disposal of tangible fixed assets		3,500		-	
Interest received		5,677		4,648	
Net cash used in investing activities			(144,196)		(50,018)
Financing activities					
Proceeds from issue of shares		696		7,727	
Redemption of shares		(697)		(2)	
Issue of convertible loans		-		1,495,983	
Repayment of bank loans		(385,000)		(500,000)	
Net cash (used in)/generated from financing activities			(385,001)		1,003,708
Net (decrease)/increase in cash and cash equivalents			(1,254,476)		2,214,140
Cash and cash equivalents at beginning of year			2,477,294		263,154
Cash and cash equivalents at end of year			1,222,818		2,477,294

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies

Company information

CMME Group Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office is 2 Glass Wharf, Bristol, England, BS2 0FR.

The group consists of CMME Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company and the group. Monetary amounts in these financial statements are rounded to the nearest £1.

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

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:-

Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

Section 11 'Basic Financial Instruments' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost and loan defaults or breaches

Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of CMME Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies (Continued)

Contingent consideration

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Going concern

The group has incurred a loss after taxation for the year of £3,879,357 (2020: loss after taxation of £3,904,773) and has net liabilities at the balance sheet date of £12,279,143 (2020: net liabilities of £8,399,785), and net current assets of £239,237 (2020: net current assets of £1,190,524). In addition the company has net liabilities at the balance sheet date of £1,025,981 (2020: net assets of £725,231) and net current liabilities of £5,422,707 (2020: net liabilities of £4,328,637).

The financial statements are prepared on a going concern basis which assumes that the group and company will be able to continue in operational existence for the foreseeable future. The validity of this assumption depends on the group and company continuing to meet its day to day working capital needs from the cash available.

The directors have reviewed the cash flow projections and consider that there is sufficient working capital available to the group and company to be able to meet the liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. The group has, subsequent to the year end, agreed additional funding support and the directors therefore consider it is appropriate to prepare these financial statements on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for financial advice and mortgage services provided to external customers in the ordinary nature of the business. Turnover is shown net of Value Added Tax.

Turnover is recognised in relation to separately identifiable components of a single transaction when necessary to reflect the substance of the arrangement and in relation to two or more linked transactions when necessary to understand the commercial effect.

Intangible fixed assets - goodwill

Goodwill is capitalised and written off evenly over 5 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Intangible fixed assets other than goodwill

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights, and there is no history or evidence of exchange transactions for the same or similar assets and estimating the asset's fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Development costs	3 years straight line
Database	5 years straight line
Customer relationships	5 years straight line

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Computers	25% straight line

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.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 group 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 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, amounts 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies (Continued)

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of 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 group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of 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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown within other creditors.

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.

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.

During the year the directors have made use of the UK Government coronavirus job retention scheme. Government grants are included within other income.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

2 Judgements and key sources of estimation uncertainty (Continued)

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;

Intangible assets

The directors have assessed the fair value of intangibles and have evaluated the period over which those assets and related goodwill should be amortised.

The directors have assessed and capitalised the development costs, as they are both accurately measurable and will provide an economic benefit in the future.

Clawback, proc fee and client fee provision

The directors have assessed the commission clawback and fee provisions based on historical clawback rates and data.

Valuation of Investments

The directors have assessed investments in subsidiaries for indicators of impairment; they have concluded that these assets are not impaired.

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover analysed by class of business		
Professional services	5,640,692	8,763,618
	<u>5,640,692</u>	<u>8,763,618</u>
Turnover analysed by geographical market		
	2021 £	2020 £
United Kingdom	5,640,692	8,763,618
	<u>5,640,692</u>	<u>8,763,618</u>

4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Administrative staff	13	13	8	10
Sales and support staff	59	75	-	-
Directors	4	4	3	4
Total	<u>76</u>	<u>92</u>	<u>11</u>	<u>14</u>

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	3,311,416	3,592,975	654,650	658,988
Social security costs	338,118	409,060	57,771	88,281
Pension costs	84,029	84,795	7,681	5,891
	<u>3,733,563</u>	<u>4,086,830</u>	<u>720,102</u>	<u>753,160</u>

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	404,881	356,969
Company pension contributions to defined contribution schemes	3,111	2,495
	<u>407,992</u>	<u>359,464</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>200,000</u>	<u>175,583</u>

The directors are remunerated through fellow group undertakings.

6 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(175,793)	-
Depreciation of owned tangible fixed assets	48,411	51,003
Profit on disposal of tangible fixed assets	(2,333)	-
Amortisation of intangible assets	2,750,873	5,035,177
Operating lease charges	<u>170,081</u>	<u>336,036</u>

During the year the directors have made use of the UK Government coronavirus job retention scheme. £175,793 of government grants are included within other income.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

7 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14,850	9,670
Audit of the financial statements of the company's subsidiaries	36,150	32,490
	<u>51,000</u>	<u>42,160</u>
For other services		
Taxation compliance services	6,950	5,280
Other taxation services	1,475	1,475
All other non-audit services	10,810	10,510
	<u>19,235</u>	<u>17,265</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	131,801	188,279
Interest on loan notes	1,113,773	1,079,653
Shares classified as debt	125,952	114,918
	<u>1,371,526</u>	<u>1,382,850</u>

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

9 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	(193,656)	(70,687)
Deferred tax		
Origination and reversal of timing differences	(389,908)	(633,935)
Changes in tax rates	8,553	-
Adjustment in respect of prior periods	-	34,000
Other adjustments	48,876	-
Total deferred tax	(332,479)	(599,935)
Total tax credit for the year	(526,135)	(670,622)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(4,405,492)	(4,575,395)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(837,043)	(869,325)
Tax effect of expenses that are not deductible in determining taxable profit	163,441	319,141
Adjustments in respect of prior years	(193,656)	(36,687)
Research and development tax credit	(1,782)	-
Deferred tax adjustments in respect of prior years	48,876	-
Deferred tax not recognised	338,092	(83,751)
Adjustment to deferred tax charge rate	(44,063)	-
Taxation credit for the year	(526,135)	(670,622)

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

10 Intangible fixed assets

Group	Goodwill	Development costs	Database	Customer relationships	Total
	£	£	£	£	£
Cost					
At 1 March 2020	3,312,553	1,527,158	9,847,419	9,549,621	24,236,751
Additions - internally developed	-	87,704	-	-	87,704
At 28 February 2021	3,312,553	1,614,862	9,847,419	9,549,621	24,324,455
Amortisation and impairment					
At 1 March 2020	2,821,911	935,119	8,925,821	8,655,589	21,338,440
Amortisation charged for the year	490,642	444,601	921,598	894,032	2,750,873
At 28 February 2021	3,312,553	1,379,720	9,847,419	9,549,621	24,089,313
Carrying amount					
At 28 February 2021	-	235,142	-	-	235,142
At 29 February 2020	490,642	592,039	921,598	894,032	2,898,311

Company	Development costs
	£
Cost	
At 1 March 2020 and 28 February 2021	203,347
Amortisation and impairment	
At 1 March 2020	193,076
Amortisation charged for the year	10,271
At 28 February 2021	203,347
Carrying amount	
At 28 February 2021	-
At 29 February 2020	10,271

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

11 Tangible fixed assets

Group	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 March 2020	75,247	428,632	503,879
Additions	-	65,669	65,669
Disposals	-	(7,000)	(7,000)
At 28 February 2021	75,247	487,301	562,548
Depreciation and impairment			
At 1 March 2020	70,359	378,920	449,279
Depreciation charged in the year	4,888	43,523	48,411
Eliminated in respect of disposals	-	(5,833)	(5,833)
At 28 February 2021	75,247	416,610	491,857
Carrying amount			
At 28 February 2021	-	70,691	70,691
At 29 February 2020	4,888	49,712	54,600
Company		Computers £	
Cost			
At 1 March 2020		50,025	
Additions		54,803	
At 28 February 2021		104,828	
Depreciation and impairment			
At 1 March 2020		38,962	
Depreciation charged in the year		17,248	
At 28 February 2021		56,210	
Carrying amount			
At 28 February 2021		48,618	
At 29 February 2020		11,063	

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

12 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	13	-	-	16,800,000	16,800,000

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 March 2020 and 28 February 2021	16,800,000
Carrying amount	
At 28 February 2021	16,800,000
At 29 February 2020	16,800,000

13 Subsidiaries

Details of the company's subsidiaries at 28 February 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
CMME Mortgages and Protection Limited	See below	Mortgage Broker	Ordinary shares	100.00	-
Contractor Financials (Holdings) Limited	See below	Holding company	Ordinary shares	100.00	-
Contractor Financials Limited*	See below	Financial advice	Ordinary shares	-	100.00
Contractor Money Limited**	See below	Dormant company	Ordinary shares	-	100.00
Contractor Wealth Management Limited	See below	Financial advice	Ordinary shares	100.00	-
Freelancer Financials Ltd**	See below	Dormant company	Ordinary shares	-	100.00
Planet Contractor Limited**	See below	Dormant company	Ordinary shares	-	100.00

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

13 Subsidiaries (Continued)

The registered office for all subsidiaries is 2 Glass Wharf, Bristol, England, BS2 0FR.

*Wholly owned subsidiary of Contractor Financials (Holdings) Limited.

**Wholly owned subsidiary of CMME Mortgages and Protection Limited.

The subsidiary company Contractor Financials (Holdings) Limited has taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the Company under section 479A of the Act is disclosed in note 25.

The subsidiary companies Contractor Money Limited, Freelancer Financials Ltd and Planet Contractor Limited have taken the exemption in section 349A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited as a result of their being dormant companies.

14 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	27,527	20,035	-	-
Corporation tax recoverable	203,037	99,430	-	-
Other debtors	18,216	3,808	-	500
Prepayments and accrued income	388,784	632,004	14,468	16,409
	<u>637,564</u>	<u>755,277</u>	<u>14,468</u>	<u>16,909</u>

15 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	17	521,209	470,910	521,209	470,910
Trade creditors		135,276	241,266	53,746	17,995
Amounts due to group undertakings		-	-	4,679,094	3,217,008
Other taxation and social security		368,248	210,365	42,875	22,433
Other creditors		182,242	480,914	176,602	448,995
Accruals and deferred income		414,170	638,592	70,402	190,727
		<u>1,621,145</u>	<u>2,042,047</u>	<u>5,543,928</u>	<u>4,368,068</u>

Shares classified as debt relates to preference shares which carry a return equal to 7% of the issue price to the second anniversary to completion, with the return increasing to 8% in the third year of completion and then 10% thereafter.

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

16 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Loan notes		6,695,983	6,695,983	6,695,983	6,695,983
Bank loans and overdrafts	17	2,293,151	2,728,450	2,293,151	2,728,450
Shares classified as debt		882,218	882,218	882,218	882,218
Other creditors		2,580,540	1,460,815	2,580,540	1,460,815
		<u>12,451,892</u>	<u>11,767,466</u>	<u>12,451,892</u>	<u>11,767,466</u>

The loan notes comprise the following; A loan notes of £1,642,528 (2020: £1,642,528), A1 loan notes of £2,029,006 (2020: 2,029,006), fixed note unsecured A loan stock £1,495,983 (2020: £1,495,983), B loan notes of £779,333 (2020: £779,333) and C loan notes of £749,133 (2020: £749,133).

The A and A1 loan notes carry a yield of 7% in the first two years, 8% in the third year, and 10% thereafter. The B loan notes carry a yield of 8% rising by 1% on each anniversary of completion subject to a cap of 10%. The C loan notes carry a yield of 8% rising by 1% on each anniversary of completion subject to a 10% cap, which is rolled up as additional loan notes for the first 3 years after completion. Thereafter the yield and interest payment profile will match that of the B loan notes.

Fixed Rate unsecured A loan stock, issued during the prior year, carry a yield of 10% and a 200% redemption premium.

Shares classified as debt relates to preference shares which carry a return equal to 7% of the issue price to the second anniversary to completion, with the return increasing to 8% in the third year of completion and then 10% thereafter.

On 5 July 2019 the Company and its loan-note holders agreed a waiver of loan note principal and accrued interest, together £9,646,720.

Separately, in July 2019, the Company issued new loan notes, ranking ahead of all existing loan notes to the value of £1,495,983.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

17 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	2,814,360	3,199,360	2,814,360	3,199,360
Payable within one year	521,209	470,910	521,209	470,910
Payable after one year	2,293,151	2,728,450	2,293,151	2,728,450

The long-term loans are secured by fixed charges over the assets of the Group.

The company's facility A bank loan's maturity dates 5 years after the respective drawdown dates. Interest only repayments are made on a quarterly basis at an interest rate of LIBOR + 4%.

The company's facility B bank loan's maturity dates 4 years after the respective drawdown dates. Repayments are made on a quarterly basis at an interest rate of LIBOR + 3.5%.

18 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Proc fee provision		10,600	-	-	-
Client fee provision		23,633	-	-	-
Clawback provision		318,653	423,840	-	-
Dilapidations provision		19,435	19,435	-	-
		372,321	443,275	-	-
Deferred tax liabilities	19	-	332,479	-	-
		372,321	775,754	-	-

Movements on provisions apart from deferred tax liabilities:

Group	Proc fee provision £	Client fee provision £	Clawback provision £	Dilapidations provision £	Total £
At 1 March 2020	-	-	423,840	19,435	443,275
Additional provisions in the year	10,600	142,880	161,807	-	315,287
Utilisation of provision	-	(119,247)	(266,994)	-	(386,241)
At 28 February 2021	10,600	23,633	318,653	19,435	372,321

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

19 Deferred taxation

	Liabilities 2021 £	Liabilities 2020 £
Group		
Acquired in a business combination intangibles	-	332,479
	<u> </u>	<u> </u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 March 2020	332,479	-
Credit to profit or loss	(332,479)	-
	<u> </u>	<u> </u>
Asset at 28 February 2021	-	-
	<u> </u>	<u> </u>

The deferred tax liabilities of £nil (2020 - £332,479) set out above are expected to reverse over a period greater than 12 months and relate to business combinations.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	84,029	84,795
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end an amount of £23,730 (2020 - £19,345) remained outstanding and is included within other creditors.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

21 Share capital

	Group and company	
	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
227,272 A1 ordinary of 1p each	2,273	2,273
7,372,728 A2 ordinary of 0.0001p each	7	7
3,386,246,300,335 A3 ordinary of 0.0000001p each	3,387	3,387
7,000,000 C ordinary of 0.1p each	7,000	7,000
3,800,000 D ordinary of 0.1p each	3,800	3,800
400,000 E ordinary of 1p each	4,000	8,058
323,792 F ordinary of 1p each	3,238	3,238
323,792 G ordinary of 1p each	3,238	3,238
1,079,305 H ordinary of 1p each	10,793	10,793
677,253,576,126 I ordinary of 0.0000001p each	677	677
	<u>38,413</u>	<u>42,471</u>

The A1, A2, C, E, F and I shares confer voting rights, are entitled to received dividends, are entitled to participate in a distribution on a winding up and are non redeemable.

The D shares do not carry a right to vote, are not entitled to receive dividends, are entitled to a distribution upon winding up but carry no right of redemption.

The G shares do not carry a right to vote, are entitled to received dividends, are entitled to a distribution but carry no right of redemption.

The H shares carry a right to vote, are entitled to received dividends, are entitled to a distribution but carry no right of redemption.

Within liabilities an amount of £882,218 (2020 - £882,218) relates to preference shares which carry a return equal to 7% of the issue price to the second anniversary to completion, with the return increasing to 8% in the third year of completion and then 10% thereafter.

During the year, 405,820 ordinary E shares were redeemed for consideration of £1. Also 126,985,045,524 ordinary I shares were redeemed for consideration of £696.

During the year 126,985,045,524 ordinary I shares were issued for consideration of £696. The total share premium raised on these shares is £569.

During the prior year, 4,232,813,270,492 ordinary A3 shares were issued for 0.0000001p each. The total share premium raised on these shares is £9,646,504. Also, 677,253,576,126 ordinary I shares were issued for 0.0000001p each. The total share premium raised on these shares is £3,033.

During the prior year, 647,584 G shares and 846,566,970,157 A3 shares were bought back.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

22 Reserves

Share premium

Consideration received for shares issued above their nominal value.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of 28 February 2021.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

23 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
Loss for the year after tax	(3,879,357)	(3,904,773)
Adjustments for:		
Taxation credited	(526,135)	(670,622)
Finance costs	1,371,526	1,382,850
Investment income	(5,677)	(4,648)
Gain on disposal of tangible fixed assets	(2,333)	-
Amortisation and impairment of intangible assets	2,750,873	5,035,177
Depreciation and impairment of tangible fixed assets	48,411	51,003
Decrease in provisions	(70,954)	(280,020)
Movements in working capital:		
Decrease in debtors	221,320	94,705
Decrease in creditors	(618,701)	(285,833)
Cash (absorbed by)/generated from operations	(711,027)	1,417,839

24 Analysis of changes in net debt - group

	1 March 2020 £	Movements £	28 February 2021 £
Cash at bank and in hand	2,477,294	(1,254,476)	1,222,818
Borrowings excluding overdrafts	(3,199,360)	385,000	(2,814,360)
Convertible loan notes	(6,695,983)	-	(6,695,983)
	(7,418,049)	(869,476)	(8,287,525)

25 Financial commitments, guarantees and contingent liabilities

In order for the subsidiary company Contractor Financials (Holdings) Limited to take the audit exemption in Section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of the subsidiary company at 28 February 2021 until those liabilities are satisfied in full.

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

26 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	169,522	247,752	-	-
Between one and five years	156,637	316,340	-	-
	<u>326,159</u>	<u>564,092</u>	<u>-</u>	<u>-</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows:

	2021 £	2020 £
Aggregate compensation	<u>455,603</u>	<u>356,969</u>

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Interest charged on loan notes		Services provided	
	2021 £	2020 £	2021 £	2020 £
Group				
Entities with control, joint control or significant influence over the company	1,062,906	933,899	102,123	104,470
Key management personnel	164,614	235,905	-	-
Other related parties	-	-	4,000	48,010
	<u>1,227,520</u>	<u>1,169,804</u>	<u>106,123</u>	<u>152,480</u>
Company				
Entities with control, joint control or significant influence over the company	1,062,906	933,899	102,123	104,470
Key management personnel	164,614	235,905	-	-
Other related parties	-	-	4,000	48,010
	<u>1,227,520</u>	<u>1,169,804</u>	<u>106,123</u>	<u>152,480</u>

CMME GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2021

27 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2021 £	2020 £
Group		
Entities with control, joint control or significant influence over the group	7,963,599	6,884,608
Key management personnel	1,686,379	1,521,766
Other related parties	-	8,002
	<u>9,649,978</u>	<u>8,414,376</u>
Company		
Entities with control, joint control or significant influence over the company	7,963,599	6,884,608
Key management personnel	1,686,379	1,521,766
Other related parties	-	8,002
	<u>9,649,978</u>	<u>8,414,376</u>

28 Controlling party

The directors consider the ultimate parent company to be Livingbridge Enterprise 1 LP by virtue of their majority shareholding.