

Company Registration No. 10527022 (England and Wales)

ME GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



ME GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr R S Cooper Mr C A Cornick Mr J E Coxhead
Company number	10527022
Registered office	Building 26 Alderley Park Congleton Road Nether Alderley Macclesfield England SK10 4UN
Auditor	AMS Accountants Corporate Limited Chartered Accountants Statutory Auditor Chartered Accountants Floor 2 9 Portland Street Manchester M1 3BE

ME GROUP HOLDINGS LIMITED

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ME GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Business Strategy and Objectives

ME Group's mission is to improve the quality and reduce the cost of dispute resolution, for all parties through the use of LegalTech. Operating in specific dispute areas, the Group uses its LegalTech to appraise the expected outcome of a dispute and the level of damages that should be awarded. To date we have helped, or are helping over 10,000 customers claim redress on mis-sold or overcharged mortgages.

The appraisal itself is undertaken in minutes, presenting significant efficiencies compared to non-technology based processes which take considerably longer, and the Group is able to support large volumes of disputes. Not only does this mean that the cost of dispute resolution is reduced for all parties, it also means it happens quicker, and that the Group's litigation funding and insurance offerings can be opened up to markets and dispute types that would not otherwise be accessible.

I am pleased to say that the Group has made considerable progress towards delivering our mission across all functions of the business including dispute analysis and quantification, litigation funding, insurance and legal representation. A new management team has been assembled since October 2018 which has brought considerable expertise and experience across all functions within the Group. In the second half of the year that new management team stabilised the business after a period of rapid growth and has put in place the necessary foundations for the next stage of accelerated growth which we expect to deliver in the first half of the year ending 31 March 2020.

To further enable the delivery of its strategy the Group entered into a strategic partnership with Quanta Law, a law firm that specialises in financial mis-selling. This is in addition to similar strategic partnerships held with other law firms that continue.

ME Group also made an acquisition of Quanta Capital Holdings, a small group of companies specialising in the commercial litigation and divorce funding markets. ME Group's infrastructure, economies of scale, and technological capabilities coupled with Quanta Capital's expertise present an exciting proposition that we expect to deliver significant value for the Group.

Business Performance

The Group increased the output of its LegalTech services, which together with the revenue resulting from its dispute identification and consumer services, achieved a year on year in growth in revenue to £13.9m. An increase of 140% from the year ending March 2018.

Profit before tax increased to £2.6m (up 180% from the year ending March 2018). Costs increased significantly as a result of investment in building the infrastructure for new business activities, and increased dispute identification, both of which will yield significant revenue in the year ending March 2020. The Group's efficiency ratio is expected to show a much improved performance in the forthcoming period as a result of the investment in its infrastructure during this period.

The year ahead is expected to be transformative for the group. I would also like to take this opportunity to thank the management team for their tireless efforts as we have developed the business in preparation for the next stage of growth.

On behalf of the board



Mr R S Cooper

Director
13/09/2019

ME GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company and group is that of legal, financial, data processing, software development and information technology consultancy activities.

Directors

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

Mr R S Cooper
Mr C A Cornick
Mr J E Coxhead

Results and dividends

The Directors are pleased to report continuing excellent results with a profit before taxation of £2,622,980 (2018: £929,579) and an earnings before interest, taxation, depreciation and amortisation ("EBITDA") of £2,760,069 (2018: £1,094,225).

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

Auditor

In accordance with the company's articles, a resolution proposing that AMS Accountants Corporate Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group 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 group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor of the company 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 auditor of the company is aware of that information.

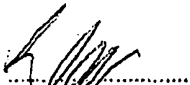
ME GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr R S Cooper

Director

Date:

13/09/19

ME GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ME GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of ME Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group profit and loss account, the group balance sheet, the company balance sheet 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 group's and the parent company's affairs as at 31 March 2019 and of the group's profit 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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

ME GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ME GROUP HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group or the parent 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.

AMS Accountants Corporate Ltd.

David Clegg (Senior Statutory Auditor)

for and on behalf of AMS Accountants Corporate Limited

13/09/2019

Chartered Accountants
Statutory Auditor

Chartered Accountants
Floor 2
9 Portland Street
Manchester
M1 3BE

ME GROUP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

		Year ended 31 March 2019	Period ended 31 March 2018 as restated
	Notes	£	£
Turnover	2	13,881,424	5,849,178
Cost of sales		(5,332,826)	(2,271,992)
Gross profit		8,548,598	3,577,186
Administrative expenses		(5,801,000)	(2,573,579)
Operating profit		2,647,598	1,003,607
Interest receivable and similar income	5	614	842
Interest payable and similar expenses	6	(25,232)	(74,870)
Profit before taxation		2,622,980	929,579
Tax on profit		(312,134)	-
Profit for the financial year	14	2,310,846	929,579
Profit for the financial year is attributable to:			
- Owners of the parent company		2,371,155	929,579
- Non-controlling interests		(60,309)	-
		2,310,846	929,579

ME GROUP HOLDINGS LIMITED


GROUP BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Total intangible assets	7		400,000		450,000
Tangible assets	8		192,817		96,809
			<u>592,817</u>		<u>546,809</u>
Current assets					
Debtors	11	7,929,813		2,198,396	
Cash at bank and in hand		291,103		199,501	
		<u>8,220,916</u>		<u>2,397,897</u>	
Creditors: amounts falling due within one year	12	(4,681,814)		(1,465,127)	
Net current assets			<u>3,539,102</u>		<u>932,770</u>
Total assets less current liabilities			<u>4,131,919</u>		<u>1,479,579</u>
Provisions for liabilities			<u>(341,494)</u>		<u>-</u>
Net assets			<u><u>3,790,425</u></u>		<u><u>1,479,579</u></u>
Capital and reserves					
Called up share capital	13	550,000		550,000	
Profit and loss reserves	14	3,300,734		929,579	
Equity attributable to owners of the parent company			<u>3,850,734</u>		<u>1,479,579</u>
Non-controlling interests			<u>(60,309)</u>		<u>-</u>
			<u><u>3,790,425</u></u>		<u><u>1,479,579</u></u>

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

The financial statements were approved by the board of directors and authorised for issue on 13/09/19 and are signed on its behalf by:


Mr R S Cooper
Director

ME GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET


AS AT 31 MARCH 2019

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		48,107		87,185
Investments	9		500,102		500,102
			<u>548,209</u>		<u>587,287</u>
Current assets					
Debtors	11	934,993		923,801	
Cash at bank and in hand		1,146		-	
		<u>936,139</u>		<u>923,801</u>	
Creditors: amounts falling due within one year	12	(934,348)		(961,088)	
Net current assets/(liabilities)			1,791		(37,287)
Total assets less current liabilities			<u>550,000</u>		<u>550,000</u>
Capital and reserves					
Called up share capital	13		550,000		550,000

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2018 - £0 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 13/09/19 and are signed on its behalf by:



 Mr R S Cooper
 Director

Company Registration No. 10527022

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

ME Group Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of ME Group Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- 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' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, 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 costs directly attributable to the business combination. 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. 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. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of ME Group Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2019. 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.

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.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Reporting period

These financial statements are prepared for a 12 month period from 1 April 2018 to 31 March 2019.

The comparative figures represent the period from the date of incorporation 15 December 2016 to 31 March 2018 and therefore a 15 and a half month period.

As a result, the comparative amounts presented in the financial statements are not entirely comparable.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.4 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. Turnover is recognised once a case has been approved, this is at the point of receipt. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Intellectual property	10 years straight line
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1.6 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:

Fixtures and fittings	4 years straight line
Computers	3 years 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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 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.

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.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.9 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.

1.10 Financial instruments

The group 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 group's balance sheet 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 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.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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 group after deducting all of its 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 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 group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 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.

1.15 Retirement benefits

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

1.16 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.

2 Turnover and other revenue

	2019	2018
	£	£
Other significant revenue		
Interest income	614	842

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	20,000	10,000
For other services		
Other assurance services	5,000	15,000
All other non-audit services	14,000	25,000
	<u>19,000</u>	<u>40,000</u>

The additional service include:

Consolidation and reconciliation of group management accounts into a statutory format and support with budgeting and cashflows.

4 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Total employees	<u>145</u>	<u>94</u>	<u>1</u>	<u>1</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	3,276,713	874,676	-	-
Social security costs	324,923	66,853	-	-
Pension costs	64,785	-	-	-
	<u>3,666,421</u>	<u>941,529</u>	<u>-</u>	<u>-</u>

5 Interest receivable and similar income

	2019 £	2018 £
Other interest receivable and similar income	<u>614</u>	<u>842</u>

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

6 Interest payable and similar expenses

	2019	2018
	£	£
Interest payable to group undertakings	-	-

7 Intangible fixed assets

Group	Intellectual property £
Cost	
At 1 April 2018 and 31 March 2019	500,000
Amortisation and impairment	
At 1 April 2018	50,000
Amortisation charged for the year	50,000
At 31 March 2019	100,000
Carrying amount	
At 31 March 2019	400,000
At 31 March 2018	450,000

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

8 Tangible fixed assets

Group	Plant and machinery etc £
Cost	
At 1 April 2018	137,427
Additions	158,479
At 31 March 2019	295,906
Depreciation and impairment	
At 1 April 2018	40,618
Depreciation charged in the year	62,471
At 31 March 2019	103,089
Carrying amount	
At 31 March 2019	192,817
At 31 March 2018	96,809

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8 Tangible fixed assets (Continued)

Company	Plant and machinery etc £
Cost	
At 1 April 2018 and 31 March 2019	126,106
Depreciation and impairment	
At 1 April 2018	38,921
Depreciation charged in the year	39,078
At 31 March 2019	77,999
Carrying amount	
At 31 March 2019	48,107
At 31 March 2018	87,185

9 Fixed asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments	-	-	500,102	500,102

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Housing Assessment Reporting Technology Limited	England and Wales	Dormant company	Ordinary		100.00
ME Consumer Limited	England and Wales	Holding company	Ordinary	100.00	
ME Digital Limited	England and Wales	IT technology consultancy	Ordinary		100.00
ME Legal and Financial Limited	England and Wales	Advertising company	Ordinary	-	100.00
ME LegalTech Limited	England and Wales	Holding company	Ordinary	100.00	
ME Outsourcing Limited	England and Wales	Office administrative service activities	Ordinary	100.00	
Mortgage Audit Reporting Software Limited	England and Wales	Digital services	Ordinary		100.00
ME Finance & Investments Limited	England and Wales	Dormant company	Ordinary	-	100.00
ME Costs Limited	England and Wales	Dormant company	Ordinary		100.00
ME Data Limited	England and Wales	Dormant company	Ordinary	100.00	
DA Reporting Technology Limited	England and Wales	Dormant company	Ordinary		100.00
Mortgage Checking Software Limited	England and Wales	Dormant company	Ordinary		100.00
SIPP Technology Assessment Reporting Software Limited	England and Wales	Dormant company	Ordinary		100.00
Quantafi Limited	England and Wales	Dormant company	Ordinary		100.00
Quanta Capital Holdings Ltd	England and Wales	Consultancy	Ordinary	79.20	
Quanta Capital Outsourcing Ltd	England and Wales	Consultancy	Ordinary		79.20
Quanta Capital Litigation Ltd	England and Wales	Consultancy	Ordinary		79.20
Quanta Matrimonial Finance Ltd	England and Wales	Dormant company	Ordinary		79.20
Handle My Divorce Ltd	England and Wales	Dormant company	Ordinary		79.20

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Subsidiaries

(Continued)

The following subsidiaries are exempt from audit under the requirements of s479A of the Companies Act 2006. ME Group Holdings Limited guarantees the companies under s479C of the Companies Act 2006 in respect of the year ended 31 March 2019.

ME Consumer Limited, company number 10548319
 ME Outsourcing Limited, company number 10927019
 ME Data Limited, company number 11378990
 ME Digital Limited, company number 10552323
 ME Legal and Financial Limited, company number 08328211
 ME Legaltech Limited, company number 10550435
 Mortgage Audit Reporting Software Limited, company number 09374232
 Quanta Capital Outsourcing Limited, company number 11435102
 Quanta Matrimonial Finance Limited, company number 11691736
 Quanta Capital Holdings Limited, company number 11430005

11 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	904,816	1,000,474	-	-
Amounts owed by group	-	-	446,113	379,642
Other debtors	7,024,997	1,197,922	488,880	544,159
	<u>7,929,813</u>	<u>2,198,396</u>	<u>934,993</u>	<u>923,801</u>

12 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	1,493,810	178,599	(1,732)	127,243
Amounts owed to group undertakings	-	-	935,980	833,845
Corporation tax payable	312,134	-	-	-
Other taxation and social security	1,457,645	615,859	-	-
Other creditors	1,418,225	670,669	100	-
	<u>4,681,814</u>	<u>1,465,127</u>	<u>934,348</u>	<u>961,088</u>

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
49,500 Ordinary A of £1 each	49,500	500,000
500 Ordinary B of £1 each	500	49,500
500,000 Ordinary C of £1 each	500,000	500
	<u>550,000</u>	<u>550,000</u>

Ordinary A £1 shares are non- redeemable with equal rights to voting, dividends and capital distribution on winding up.

Ordinary B £1 shares are non- redeemable with equal rights to voting, dividends and capital distribution on winding up.

Ordinary C £1 shares are non- redeemable with no rights to voting, equal rights to dividends and capital distribution on winding up.

14 Profit and loss reserves

	Group		Company	
	2019	2018	2019	2018
		as restated		as restated
	£	£	£	£
At the beginning of the year	929,579	-	-	-
Profit for the year	2,371,155	929,579	-	-
At the end of the year	<u>3,300,734</u>	<u>929,579</u>	<u>-</u>	<u>-</u>

15 Operating lease commitments

Lessee

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

Group		Company	
2019	2018	2019	2018
£	£	£	£
117,200	117,200	-	-
<u>117,200</u>	<u>117,200</u>	<u>-</u>	<u>-</u>

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16 Events after the reporting date

Post year end ME Group Holdings Limited has entered into an agreement with Quanta Law Limited to guarantee a loan of £8m between Specialist Lending Ltd (T/A Duologi) and Quanta Law Limited.

This loan is structured as four monthly payments of £2m each with a 120 day repayment term on each withdrawal.

The loans are all due to be repaid within the next 12 months.

17 Related party transactions

Transactions with related parties

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

	Consultancy fees	
	2019	2018
	£	£
Group		
Entities with control, joint control or significant influence over the company	274,391	570,000

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due to related parties		
Group		
Entities with control, joint control or significant influence over the group	-	127,299
Other related parties	238,779	-

The following amounts were outstanding at the reporting end date:

	2019	2018
	Balance	Balance
	£	£
Amounts due from related parties		
Group		
Entities with control, joint control or significant influence over the group	-	4,192
Other related parties	465,155	-

The group has taken advantage of FRS 102, section 33.1A available for transactions with wholly owned subsidiaries, and has chosen not to disclose related party transactions within the group.

18 Controlling party

There is no ultimate controlling party.

19 Prior period adjustment

ME GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Prior period adjustment

(Continued)

Reconciliation of changes in equity - group

	15 December 2016 £	31 March 2018 £
Equity as previously reported	-	1,479,579
Adjustments to prior year		

Reconciliation of changes in profit for the previous financial period

	2018 £
Profit as previously reported	929,579

Notes to reconciliation

Investment / Debtor adjustment

In the prior year financial statements an amount of £288,880 paid by the company was treated as an investment.

On further review of this transaction, the directors have ascertained that this treatment was incorrect and that the amount was a loan to a related party.

This has been amended in the prior years financial statements. The amendment has no profit effect and has reduced fixed assets and increased current assets by £288,880 accordingly.

Reconciliation of changes in equity - company

	15 December 2016 £	31 March 2018 £
Equity as previously reported	-	550,000
Adjustments to prior year		

Reconciliation of changes in profit for the previous financial period

	2018 £
Profit as previously reported	-