

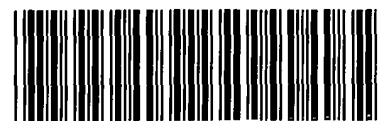
Registered number: 10710953

CMOSTORES GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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CMOSTORES GROUP LIMITED

COMPANY INFORMATION

Directors

Mr C Dorey (resigned 14 July 2022)
Mr M Finbow (appointed 22 September 2021)
Mr B W Hodson
Mr R J Lamb
Mr D Murray
Ms S Packer
Mr C Tasker
Mr J W Excell (resigned 22 September 2021)
Mr M W Fell (resigned 22 September 2021)
Mr R A Kavangh (resigned 22 September 2021)
Mr A Saunders (resigned 22 September 2021)

Registered number

10710953

Registered office

Unit 12 Burrington Business Park
Burrington Way
Plymouth
Devon
PL5 3LX

CMOSTORES GROUP LIMITED

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CMOSTORES GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

On 11 June 2021, CMO Group PLC acquired 100% of the share capital of CMOSTores Group Limited by way of a share for share exchange. The Company is now an intermediate holding company and does not trade. The financial statements of CMOSTORES Group Limited are consolidated in the financial statements of CMO Group PLC which may be obtained from Companies House.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are similar to the Group which are set out below.

<i>Risk</i>	<i>Key control</i>	<i>Ongoing action</i>
Economic Environment		
COVID-19 and Brexit have had a dual impact on the UK market and have tested the Group's business model and team.	The Group has provided the team with a safe and effective working environment. It has also levered the agility of the CMO business model and responded to these market challenges through the effective management of its supply chain and supplier relationships and where necessary flexed its dropship / warehousing stock ratios.	The Group now supports the working best practices precipitated by Covid pandemic and operates a successful hybrid working model. The Commercial Team uses the flexibility afforded by having three warehouses to constantly monitor and adjust the balance of goods stocked versus those dropshipped. IT also ensures that good supplier relationships are maintained through high-integrity supplier partnerships including prompt payment.
Growth Management		
The Group's growth plans may place a significant strain on its management, operational, financial, and personnel resources.	The Group has successfully migrated to a matrix management structure to ensure that support is delivered to the Commercial Team from other specialist disciplines throughout the business. The structure ensures that communication, advice and expertise flow in an agile and effective manner. Vitally, the structure is scalable and has clear responsibilities with strengths weaknesses easy to identify and rectify. This balance must be kept and will be measured through commercial performance and attrition rates.	The Group has empowered the Employee Engagement Committee to understand, define and develop culture within the business through regular participative meetings with all staff. Each manager also has a programme of communication and welfare checks with all members of staff. Any manager can apply through a defined process for more staff when resources are stretched.
Mergers and Acquisitions		
The Group's strategy includes growth through Mergers and Acquisitions. There's no guarantee that suitable targets will be available at the right price or that those that are will pass due diligence.	The Group has identified the key category gaps in the strategic vision, the profile of potential acquisition opportunities and engaged support to target. It also has suitable, experienced resources available to seek out and assess potential targets.	There is careful, ongoing monitoring of opportunities with a number of live conversations in the acquisitions pipeline at any time.

CMOSTORES GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Technology, ICT, Data Security and Privacy		
The Group relies heavily on its technology, applications, IT infrastructure, and e-commerce systems, particularly its websites.	The Group seeks to mitigate this risk by investing in IT infrastructure, cyber-security, including backup systems, regular tech reviews, and team training to ensure procedures are robust and regularly monitored.	The development team is split between those focused on infrastructure, scalability and security and those on the customer facing front ends. The former are responsible for regular system testing to relevant industry standards are met or exceeded and also ensuring the disaster recovery plan is regularly reviewed and updated. The latter is tasked with the relevance and compliance of its websites for user experience and e-commerce effectiveness. The CMO team has a robust training programme in place
The Market and Demand		
Developing and maintaining the reputation of, and value associated with, the Group's brand is crucial to the success of the Group. Maintaining and enhancing membership of the Group's customer site visits and the number of orders taken are critical to the Group's success.	Brand identity is a critical factor in retaining existing and attracting new customers. The Group is reliant on its natural search result rankings and paid advertising as it seeks to build market share and attract new customers.	All marketing and brand efforts are proactively monitored and directed on a daily, weekly and monthly cadence as part of the operational matrix management strategy, and are subject to monthly board review.
Retention of Talent		
The Group's future development and prospects are substantially dependent on the continuing services and performance of the executive directors and senior management, together with its ability to attract and retain highly skilled and qualified managers.	The directors believe the Group's culture and remuneration packages are attractive and there is low staff attrition.	The Group has implemented a CSOP scheme so that all staff are incentivised by the company's performance. The Group has also enhanced the overall benefits package and will continue to monitor market rates and adjust remuneration accordingly. Defining and adopting the right culture to support the Group's growth market disruption and growth ambitions is crucial and, as mentioned above, sits with the Employee Engagement Committee sponsored by the directors.
Environmental and Social Governance (ESG)		
The Group recognises the risk, and potential to miss opportunities from not having clear governance, a robust independent measurement framework, and practical solutions to ESG topics such as climate change.	The Group has aligned to external best practice, recommended through consultation, to provide a clear and rigorous understanding of the business risks and opportunities relating to ESG topics. CMO has aligned to UN sustainable goals, adopted SASB reporting standards for non-financial risks and opportunities, and aligned to the recommendations of the TCFD for understanding its climate related risks and opportunities.	The Group presents its first ESG report as part of this Annual Report, including overview of its governance of this area. As part of the TCFD, the Group has measured its greenhouse gas impact for Scope 1 and 2. An estimate of Scope 3 has been prepared but with more accurate measurement due in the next 12 months. The Group has raised c22k of a 30k target towards its initial tree planting pledge and planted 2,500 trees in March 2022 to offset its greenhouse gas impact.

CMOSTORES GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' statement of compliance with duty to promote the success of the Company

Under S172 of the Companies Act 2006, directors of UK companies have a duty to promote the success of their company for the benefit of the members as a whole and, in doing so, have regard to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the company.

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in a way which they consider, in good faith would be most likely to promote the success of the company for the benefit of its shareholders, which includes having regard to other stakeholders.

The Directors consider it's imperative that the Company maintains its reputation for high standards of business conduct as they are responsible the Company's' standards, culture, values, ethics and reputation. These are embedded by the senior management team throughout all departments of the business. The Directors also seek to balance the needs of its members with s.172 matters throughout the period in the policies and practices operated by the Company ensuring that its obligations to all stakeholders are met.

Going concern

The directors have a reasonable expectation that the Company, through its membership of the CMO Group, has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Moving forward, the Company's trading subsidiaries' strategy remains unchanged. The trading subsidiaries and the CMO Group as a whole are focused on driving profitable sales growth through organic development and acquisition in line with its strategy and remains confident in its ability to deliver shareholder value in the short, medium, and long term.

CMOSTORES GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £1,363,245 (2020: loss £1,885,261).

The directors do not recommend a final dividend payment to be made in respect of the financial period year ended 31 December 2021 (2020: £nil).

Directors

The directors who served during the year were:

Mr C Dorey (resigned 14 July 2022)
Mr M Finbow (appointed 22 September 2021)
Mr B W Hodson
Mr R J Lamb
Mr D Murray
Ms S Packer
Mr C Tasker
Mr J W Excell (resigned 22 September 2021)
Mr M W Fell (resigned 22 September 2021)
Mr R A Kavangh (resigned 22 September 2021)
Mr A Saunders (resigned 22 September 2021)

Principal risks and uncertainties

The principal activity of the Company is to hold investment in businesses relating to the online retail of building products

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

No material post balance sheet events have occurred.

Auditors

The auditors, Saffery Champness, have been appointed for the current year and will be proposed for reappointment in accordance with section 485, Companies Act 2006.

CMOSTORES GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board and signed on its behalf.



Mr R J Lamb
Director

Date: 29-12-2022

Unit 12 Burrington Business Park
Burrington Way
Plymouth
Devon
PL5 3LX

CMOSTORES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CMOSTORES GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of CMOSTores Group Limited for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 Financial Reporting Standard 101, 'Reduced Disclosure Framework'. In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101; 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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 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.

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.

CMOSTORES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 has been prepared in accordance with applicable legal requirement

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either 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.

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

CMOSTORES GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.



.....
Jamie Cassell (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

30 December 2022

CMOSTORES GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Administrative expenses		(356,160)	(66,025)
Operating loss	4	(356,160)	(66,025)
Interest payable and similar expenses	8	(1,007,085)	(1,819,236)
Loss before tax		(1,363,245)	(1,885,261)
Loss for the financial year		(1,363,245)	(1,885,261)
Total comprehensive income for the year		(1,363,245)	(1,885,261)

The notes on pages 13 to 23 form part of these financial statements.

CMOSTORES GROUP LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Investments	9	22,391,411	16,835,411
Current assets			
Debtors: amounts falling due within one year	10	352,092	-
Cash at bank and in hand	11	1,302,066	364,187
		<u>1,654,158</u>	<u>364,187</u>
Creditors: amounts falling due within one year	12	(30,932,208)	(3,960,217)
Net current liabilities		<u>(29,278,050)</u>	<u>(3,596,030)</u>
Total assets less current liabilities		<u>(6,886,639)</u>	<u>13,239,381</u>
Creditors: amounts falling due after more than one year	13	-	(20,080,008)
		<u>(6,886,639)</u>	<u>(6,840,627)</u>
Net liabilities		<u><u>(6,886,639)</u></u>	<u><u>(6,840,627)</u></u>
Capital and reserves			
Called up share capital	16	90	101
Capital redemption reserve	17	11	-
Profit and loss account	17	(6,886,740)	(6,840,728)
		<u><u>(6,886,639)</u></u>	<u><u>(6,840,627)</u></u>

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


Mr R J Lamb
Director

Date: 29-12-2022

The notes on pages 13 to 23 form part of these financial statements.

CMOSTORES GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	101	-	-	(4,955,467)	(4,955,366)
Comprehensive income for the year					
Loss for the year	-	-	-	(1,885,261)	(1,885,261)
Total comprehensive income for the year	-	-	-	(1,885,261)	(1,885,261)
At 1 January 2021	101	-	-	(6,840,728)	(6,840,627)
Comprehensive income for the year					
Loss for the year	-	-	-	(1,363,245)	(1,363,245)
Total comprehensive income for the year	-	-	-	(1,363,245)	(1,363,245)
Purchase of own shares	-	11	-	-	11
Shares bought back during the year	(11)	-	-	-	(11)
Transfer to/from other reserves	-	-	(1,317,233)	-	(1,317,233)
Transfer to/from other reserves	-	-	1,317,233	1,317,233	2,634,466
At 31 December 2021	90	11	-	(6,886,740)	(6,886,639)

The notes on pages 9 to 19 form part of these financial statements.

CMOSTORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The company is a private company limited by share capital, incorporated in England and Wales. The address of the registered office is stated on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of CMO Group Plc as at 31 December 2021 and these financial statements may be obtained from Burrington Business Park, Burrington Way, Plymouth, England..

2.3 Going concern

The directors have a reasonable expectation that the Company, through its membership of the CMO Group, has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Moving forward, the Company's trading subsidiaries' strategy remains unchanged. The trading subsidiaries and the CMO Group as a whole are focused on driving profitable sales growth through organic development and acquisition in line with its strategy and remains confident in its ability to deliver shareholder value in the short, medium, and long term.

2.4 Finance costs

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

2.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Acquisition costs are expensed.

2. Accounting policies (continued)

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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, or where appropriate a shorter period, to the amortised cost of a financial liability.

CMOSTORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Carrying value of investments in subsidiaries

The carrying value of investments in subsidiaries is tested using a discounted cash flow test at a rate of 10% on our three-year forecast with the final year in perpetuity. The forecast is prepared by individual superstore using differentiated growth rate and margin assumptions. Management uses judgement to determine an appropriate discount rate based on the weighted average cost of capital. Future cash flows are estimated based on expected future performance of the business. The test was found to comfortably support the carrying value.

Fair value of share options issued

The directors have estimated the fair value of shares issued to employees by CMOSTores Group Limited when accounting for the benefits awarded to them. This is accounted for through other reserves. The expense has been recognised in CMOSTores.com as it is the company of their employment. The valuation of the shares was based upon the expected trading price following the listing of CMO Group PLC on 8 July 2021, taking into account the likelihood of the listing being successful and ownership of the other shares.

4. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Acquisition Costs	<u>323,922</u>	<u>-</u>

5. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>-</u>	<u>8,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

The audit fees for the company's parent are borne by the subsidiary company CMOSTores.com Limited.

CMOSTORES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Chairman's fees	<u>77,893</u>	<u>39,487</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Management	<u>9</u>	<u>8</u>

7. Directors' remuneration

	2021 £	2020 £
Chairman's fees	<u>77,893</u>	<u>39,487</u>

8. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	104,822	136,046
Other loan interest payable	902,263	1,683,190
	<u>1,007,085</u>	<u>1,819,236</u>

CMOSTORES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Fixed asset investments

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2021	16,835,411
Additions	5,556,000
At 31 December 2021	<u>22,391,411</u>
NET BOOK VALUE	
At 31 December 2021	<u>22,391,411</u>
At 31 December 2020	<u>16,835,411</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
cmostores.com Limited	Burrington Business Park Burrington Way Plymouth Devon PL5 3LX England and Wales	Ordinary	100%
cmostores Holdings Limited	Burrington Business Park Burrington Way Plymouth Devon PL5 3LX England and Wales	Ordinary	100%
JTM Plumbing Limited	Burrington Business Park Burrington Way Plymouth Devon PL5 3LX England and Wales	Ordinary	100%

JTM Plumbing Limited was acquired by CMOSTores Group Limited on 30 September 2021.

CMOSTORES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
cmostores.com Limited	2,359,999	(1,958,419)
cmostores Holdings Limited	(85,817)	(85,818)
JTM Plumbing Limited	2,063,564	174,862

10. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	12,077	-
Other debtors	340,015	-
	<u>352,092</u>	<u>-</u>

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,302,066	364,187
	<u>1,302,066</u>	<u>364,187</u>

12. Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	-	390,400
Trade creditors	15,151	10,000
Amounts owed to group undertakings	28,361,057	3,503,313
Corporation tax	-	34,826
Accruals and deferred income	2,556,000	21,678
	<u>30,932,208</u>	<u>3,960,217</u>

CMOSTORES GROUP LIMITED

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13. Creditors: amounts falling due in more than one year

	2021	2020
	£	£
Bank loans	-	2,840,133
Other loans	-	17,239,875
	<u>-</u>	<u>20,080,008</u>

CMOSTORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	-	390,400
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	-	2,840,133
Other loans	-	17,239,875
	-	20,080,008
	-	20,470,408

Bank and other loans were settled upon the AIM listing of the Company's parent entity CMO Group Plc on 8 July 2021.

Bank loans

Facility A loan was denominated in pounds sterling with a nominal interest rate of 3.45% plus LIBOR, and with the final instalment due on 31 March 2022. The carrying amount at year end is £nil (2020 - £500,533).

Facility B loan was denominated in pounds sterling with a nominal interest rate of 3.95% plus LIBOR, and with the final instalment due on 31 March 2022. The carrying amount at year end is £nil (2020 - £1,480,000).

Facility C loan was denominated in pounds sterling with a nominal interest rate of 4.45% plus LIBOR, and with the final instalment due on 31 March 2022. The carrying amount at year end is £nil (2020 - £1,250,000).

These facilities were secured by fixed charge over key-man life assurance policies in relation to certain directors.

Bank arrangement fees of £160,000 relating to the acquisition of cmostores.com Limited were capitalised in bank borrowings in 2017 and were amortised over the term of the facilities. Amortisation of £31,000 (2020 - £32,000) has been charged to interest cost in the year.

Other loans

Other borrowings, relating to loan notes, with a carrying amount of £nil (2020 - £17,239,875) were denominated in pounds sterling with nominal interest rates between 6% and 10%.

The loan notes were secured by fixed and floating charge over all of the company's assets. The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

CMOSTORES GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****15. Financial instruments**

	2021 £	2020 £
FINANCIAL ASSETS		
Cash and cash equivalents	1,302,066	364,187
Financial assets that are debt instruments measured at amortised cost	12,077	-
	<u>1,314,143</u>	<u>364,187</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(30,716,518)</u>	<u>(24,040,225)</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to Group undertakings and accruals and deferred income.

16. Share capital

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
5,645 (2020: 5,645) Ordinary A shares of £0.01 each	56.45	56.45
1,380 (2020: 1,380) Ordinary B shares of £0.01 each	13.80	13.80
1,627 (2020: 1,375) Ordinary C shares of £0.01 each	16.27	13.75
250 (2020: 750) Ordinary D shares of £0.01 each	2.50	7.50
114 (2020: 950) Ordinary E & F shares of £0.01 each	1.14	9.50
	<u>90.16</u>	<u>101.00</u>

CMOSTORES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Share capital (continued)

During the year 252 Ordinary C shares were issued, 500 Ordinary D shares, 636 Ordinary E shares and 200 Ordinary F shares were bought back.

Ordinary A shares have the following rights, preferences and restrictions:

Carry voting rights; carry dividend rights subject to provisions and applicable conditions of the Company's articles; have the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) in accordance with and subject to the provisions and applicable conditions in the Company's articles; carry no redemption rights.

Ordinary B shares have the following rights, preferences and restrictions:

Carry no voting rights; carry dividend rights; have the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) in accordance with the Company's articles; carry no redemption rights.

Ordinary C shares have the following rights, preferences and restrictions:

Carry voting rights, carry dividend rights, have the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) in accordance with the Company's articles; carry no redemption rights.

Ordinary D shares have the following rights, preferences and restrictions:

Carry voting rights, carry dividend rights, have the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) in accordance with the Company's articles; carry no redemption rights.

Ordinary E shares have the following rights, preferences and restrictions:

Carry voting rights, carry dividend rights, have the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) in accordance with the Company's articles; carry no redemption rights.

Ordinary F shares have the following rights, preferences and restrictions:

Carry voting rights, carry dividend rights subject to certain conditions details of which are set out in the articles of association to the F share conditions, set out in the Company's articles, being satisfied; carry the right to participate in a return of assets (whether on liquidation, capital reduction or otherwise) subject to the F share conditions, as set out in the Company's articles, being satisfied, carry no redemption rights.

17. Reserves

Capital redemption reserve

This reserve contains the nominal value of shares re-purchased by the company.

Other reserves

This reserve contains the fair value expense on share options issued to company employees recharged to other group companies. Upon vesting of the options the reserve clears to the profit and loss reserve.

Profit and loss account

The reserve contains all current and prior period retained profits and losses.

CMOSTORES GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Related party transactions

Key management personnel

The directors do not consider any employees other than statutory directors, whose remuneration is disclosed in note 7, to be key management personnel.

19. Controlling party

The ultimate controlling party is CMO Group Plc, by virtue of its controlling shareholding in this company.