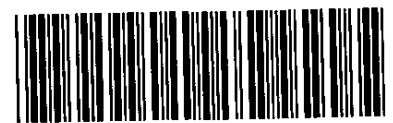


Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 December 2019
for
Chime Communications Limited

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Chime Communications Limited

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for the Year Ended 31 December 2019

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Chime Communications Limited

Company Information

for the Year Ended 31 December 2019

DIRECTORS:

D Crowther
M J Vandrau
A M Coleman
Ms J M Parker
S Brimacombe

SECRETARY:

T G Tolliss

REGISTERED OFFICE:

62 Buckingham Gate
London
SW1E 6AJ

REGISTERED NUMBER:

01983857 (England and Wales)

Chime Communications Limited

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding and services company within the Chime Group Holdings Limited structure.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

D Crowther
M J Vandrau
A M Coleman
Ms J M Parker
S Brimacombe

POLITICAL DONATIONS AND EXPENDITURE

The donations made in the year ended 31 December 2019 were non-political donations.

GOING CONCERN

The financial statements have been prepared on the going concern basis, see note 2.

DIRECTORS' INDEMNITIES

As at the date of this report, indemnities are in force under which the company has agreed to indemnify the directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company. Chime Group Holdings Limited, the ultimate holding company, has purchased and maintains directors' and officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its directors or officers in the execution of their duties, on behalf of this company.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
D Crowther - Director

Date: 27 October 2020

Chime Communications Limited

Income Statement

for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
REVENUE		5,602	5,363
Cost of sales		(5,561)	(5,352)
GROSS PROFIT		41	11
Administrative expenses		(1,185)	(21,759)
		(1,144)	(21,748)
Other operating income		4,143	-
OPERATING PROFIT/(LOSS)		2,999	(21,748)
Profit/loss on the disposal of investments	4	20,402	23,247
		23,401	1,499
Income from shares in group undertakings		308	4,307
Income from participating interests		-	7
Interest receivable and similar income		214	-
		23,923	5,813
Interest payable and similar expenses	5	(6,703)	(3,241)
PROFIT BEFORE TAXATION	6	17,220	2,572
Tax on profit	7	833	2,682
PROFIT FOR THE FINANCIAL YEAR		18,053	5,254

The notes form part of these financial statements

Chime Communications Limited

Other Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
PROFIT FOR THE YEAR		18,053	5,254
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>18,053</u>	<u>5,254</u>

The notes form part of these financial statements

Chime Communications Limited (Registered number: 01983857)

Balance Sheet
31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
FIXED ASSETS			
Owned			
Intangible assets	8	278	477
Property, plant and equipment	9	204	285
Right-of-use			
Property, plant and equipment	9, 15	10,838	-
Investments	10	263,581	274,619
		<hr/>	<hr/>
		274,901	275,381
		<hr/>	<hr/>
CURRENT ASSETS			
Work in progress		407	570
Debtors	11	27,211	7,876
Cash at bank		5,850	35,239
		<hr/>	<hr/>
		33,468	43,685
CREDITORS			
Amounts falling due within one year	12	(52,029)	(89,049)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(18,561)	(45,364)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		256,340	230,017
CREDITORS			
Amounts falling due after more than one year	13	(9,124)	(100)
PROVISIONS FOR LIABILITIES	16	(585)	(1,339)
		<hr/>	<hr/>
NET ASSETS		246,631	228,578
		<hr/>	<hr/>

The notes form part of these financial statements

Chime Communications Limited (Registered number: 01983857)

Balance Sheet - continued

31 December 2019

	Notes	31.12.19 £'000	31.12.18 £'000
CAPITAL AND RESERVES			
Called up share capital	17	25,545	25,545
Share premium		133,779	133,779
Capital redemption reserve		9,152	9,152
Retained earnings	18	78,155	60,102
		<u>246,631</u>	<u>228,578</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The 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 27 October 2020 and were signed on its behalf by:



.....
D Crowther - Director

The notes form part of these financial statements

Chime Communications Limited

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 January 2018	25,545	54,848	133,779	9,152	223,324
Changes in equity					
Total comprehensive income	-	5,254	-	-	5,254
Balance at 31 December 2018	25,545	60,102	133,779	9,152	228,578
Changes in equity					
Total comprehensive income	-	18,053	-	-	18,053
Balance at 31 December 2019	25,545	78,155	133,779	9,152	246,631

The notes form part of these financial statements

Chime Communications Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1. **STATUTORY INFORMATION**

Chime Communications Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52 the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 25% on cost

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

2. ACCOUNTING POLICIES - continued

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions denominated in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities as available for sale, are included in the fair value reserve in equity.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

New Standards and Interpretations

IFRS 16 Leases

The Company adopted IFRS 16 Leases in 2019. This standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

The main effect on the Company is that IFRS 16 introduces a single lease accounting model and requires lessees to recognise assets and liabilities for almost all leases and therefore resulted in an increase of property, plant and equipment and total financial debt at 1 January 2019.

This standard is mandatory for the accounting period beginning 1 January 2019. The Company adopted on 1 January 2019 under the modified retrospective approach utilising the practical expedient to not reassess whether a contract contains a lease. 2018 comparatives have been accounted for under IAS 17 and have not been restated. See note 12 for additional details.

Employee benefit costs

The Company makes contributions to the group's defined contribution scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

2. ACCOUNTING POLICIES - continued

Other intangible assets

Other intangible assets comprise computer software. Computer software is capitalised based on the cost incurred to acquire and bring to use the specific software. Intangible assets are stated at cost net of amortisation and any provision for impairment. The costs are amortised over their estimated useful lives using the following rates:

Computer software 4 years

Going concern

The uncertainty as to the future impact on the Company of the COVID-19 outbreak has been considered as part of the Company's adoption of the going concern basis.

The Directors have prepared forecasts which indicate that the Company has adequate resources to continue in operational existence for the foreseeable future. In preparing these forecasts the Directors have taken into account the following key factors:

- the rate of growth of the UK and global economy;
- anticipated payments under deemed remuneration and deferred and contingent consideration; and
- the level of committed and variable costs.

The company operated under the banking facility operated by Chime, which benefits from committed facilities of £251.2 million, comprising £216.8 million until August 2024, and £34.5 million until August 2023. This facility is subject to banking covenants. The company, together with Chime and certain other companies in the Chime Group Holdings Limited group, has given an unlimited cross-guarantee in favour of its banker.

The Directors have concluded, based on the cash flow forecasts and the commitment made by Chime under the cross-guarantee it has entered into, that it is appropriate to prepare the financial statements on a going concern basis for the next twelve months.

Deemed remuneration

Deemed remuneration represents payments made for the acquisition or investments in companies and limited liability partnerships that are dependent on continuing employment. In accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS3, this dependency means that they should be treated as remuneration regardless of other factors. In 2012 the accounting policy was changed to reflect this decision and the impact disclosed. However the Board remain concerned that this results in capital payments for the acquisitions of a business being charged as an operating expense, which does not properly reflect the underlying economic substance. The charge for the year for deemed remuneration has therefore been separately disclosed to assist readers in their understanding of the financial statements.

3. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£'000	£'000
Wages and salaries	2,296	2,585
Social security costs	257	276
Other pension costs	87	106
	<u>2,640</u>	<u>2,967</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Average employees	<u>17</u>	<u>19</u>

	31.12.19	31.12.18
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

The Company makes contributions to the group's defined contribution scheme. The assets of the scheme are held separately from those of the Company and the group and the scheme is independently administered. The amount charged in the profit and loss account for the year ended 31 December 2019 amounted to £142,000 (2018: £106,000).

4. EXCEPTIONAL ITEMS

	31.12.19	31.12.18
	£'000	£'000
Exceptional items	(692)	(132)
Exceptional items	(1,364)	-
Profit/loss on the disposal of investments	<u>20,402</u>	<u>23,247</u>
	<u>18,346</u>	<u>23,115</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£'000	£'000
Bank interest	-	(721)
Interest paid	<u>6,703</u>	<u>3,962</u>
	<u>6,703</u>	<u>3,241</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging/(crediting)

	31.12.19£'000	31.12.18£'000
Depreciation - owned and leased assets	1,991	103
Profit on disposal of investments	(20,402)	(23,247)
Staff Costs	2,640	2,967
Foreign exchange differences	(343)	136
Impairment of Investments	1,551	18,320

Chime Communications Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

7. **TAXATION**

Analysis of tax income

	31.12.19 £'000	31.12.18 £'000
Current tax:		
Tax	(847)	(3,114)
Deferred tax	14	432
Total tax income in income statement	<u>(833)</u>	<u>(2,682)</u>

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19 £'000	31.12.18 £'000
Profit before income tax	<u>17,220</u>	<u>2,572</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	3,272	489
Effects of:		
expenses that are not deductible in determining taxable profit	(737)	309
Difference between current & deferred tax rates	(2)	-
Impairment of Investments	-	3,481
dividends	(58)	(818)
remuneration expenses on business combinations	-	13
profit on disposal of investments	(3,878)	(4,417)
non-deductible amortisation	39	46
prior year adjustments	531	(1,785)
Tax income	<u>(833)</u>	<u>(2,682)</u>

8. INTANGIBLE FIXED ASSETS

	Other intangible assets £'000
Cost	
At 1 January 2019	1,030
Additions	7
At 31 December 2019	<u>1,037</u>
Amortisation	
At 1 January 2019	553
Charge for year	206
At 31 December 2019	759
Net Book Value	
At 31 December 2019	<u>278</u>
At 31 December 2018	<u>477</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and machinery etc £'000	Totals £'000
COST			
At 1 January 2019 and 31 December 2019	13,027	1,257	14,284
DEPRECIATION			
At 1 January 2019	54	1,189	1,243
Charge for year	1,999	-	1,999
At 31 December 2019	2,053	1,189	3,242
NET BOOK VALUE			
At 31 December 2019	<u>10,974</u>	<u>68</u>	<u>11,042</u>
At 31 December 2018	<u>12,973</u>	<u>68</u>	<u>13,041</u>

Chime Communications Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

10. **INVESTMENTS**

	Shares in group undertakings £'000	Unlisted investments £'000	Totals £'000
Investments			
At 1 January 2018	292,400	539	292,939
Additions	-	-	-
Impairments	(17,781)	(509)	(18,320)
At 31 December 2018	<u>274,080</u>	<u>30</u>	<u>274,110</u>
	-----	-----	-----
At 1 January 2019	274,080	30	274,110
Additions	24,174	-	24,174
Impairments	(1,521)	(30)	(1,551)
Disposals	(33,152)	-	
At 31 December 2019	<u>263,581</u>	<u>-</u>	<u>263,581</u>
	-----	-----	-----

The investments in subsidiaries are all stated at cost less provision for impairment. A list of subsidiaries and associates can be found in Appendix 1 of Chime Group Holdings Limited accounts.

11. **DEBTORS**

	31.12.19 £'000	31.12.18 £'000
Amounts falling due within one year:		
Trade debtors	386	194
Other debtors	<u>6,231</u>	<u>7,682</u>
	<u>6,617</u>	<u>7,876</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>20,594</u>	<u>-</u>
Aggregate amounts	<u>27,211</u>	<u>7,876</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£'000	£'000
Leases (see note 14)	1,577	-
Trade creditors	695	675
Amounts owed to group undertakings	46,390	85,743
Social security and other taxes	64	171
Other creditors	1,371	-
Credit WIP	423	-
Accruals and deferred income	191	47
Accrued expenses	1,318	2,413
	<u>52,029</u>	<u>89,049</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.19	31.12.18
	£'000	£'000
Leases (see note 14)	9,046	-
Other creditors	78	100
	<u>9,124</u>	<u>100</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	31.12.19	31.12.18
	£'000	£'000
Current:		
Leases (see note 15)	<u>1,577</u>	<u>-</u>
Non-current:		
Leases (see note 15)	<u>9,046</u>	<u>-</u>

Terms and debt repayment schedule

	1 year or less £'000	2-5 years £'000	More than 5 years £'000	Totals £'000
Leases	<u>1,577</u>	<u>8,280</u>	<u>766</u>	<u>10,623</u>

Chime Communications Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

15. **LEASING**

Right-of-use assets

Property, plant and equipment

	31.12.19 £'000	31.12.18 £'000
COST		
At 1 January 2019	12,837	-
DEPRECIATION		
Charge for year	1,999	-
NET BOOK VALUE	10,838	-

Lease liabilities

Minimum lease payments fall due as follows:

	31.12.19 £'000	31.12.18 £'000
Gross obligations repayable:		
Within one year	955	-
Between one and five years	8,280	-
In more than five years	766	-
	10,001	-
Finance charges repayable:		
Within one year	(622)	-
Net obligations repayable:		
Within one year	1,577	-
Between one and five years	8,280	-
In more than five years	766	-
	10,623	-

16. **PROVISIONS FOR LIABILITIES**

	31.12.19£'000	31.12.18£'000
Other provisions	585	1,147
	585	1,147

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 £'000	31.12.18 £'000
102,178,410	Ordinary	£0.25	25,545	25,545

18. RESERVES

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2019	60,102	133,779	9,152	203,033
Profit for the year	18,053			18,053
At 31 December 2019	<u>78,155</u>	<u>133,779</u>	<u>9,152</u>	<u>221,086</u>

19. CONTINGENT LIABILITIES

The company, together with the ultimate parent company and certain other companies in the Chime Group Holdings Limited group ("Chime"), has given an unlimited cross-guarantee in favour of its bankers. The company operates under Chime's banking facility. Chime has a committed facility of £251.2 million (2018: £289.5 million), comprising £216.8 million until August 2024 and £34.5 million until August 2023. Cash flow movements are monitored to ensure that sufficient financial resources are available. The Group has seen an increase in client pressure to extend credit terms and the resulting terms are closely monitored.

20. ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking and its immediate controlling party is Chime Finance Limited, incorporated in the United Kingdom and registered in England and Wales.

The Company's ultimate parent company and controlling party to present date is PM VII S.a.r.l, a company incorporated and registered in Luxembourg.

The largest group for which the group financial statements are prepared and of which the group is a member is Chime Group Holdings Limited which is incorporated in the United Kingdom and registered in England and Wales. The smallest group for which the group financial statements are prepared and of which the group is a member is Chime Group Limited which is incorporated in the United Kingdom and registered in England and Wales. Copies of their financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.