

M5 Associates Limited

Registered number: 05549542

Directors' report and financial statements

For the year ended 31 May 2018

M5 ASSOCIATES LIMITED

COMPANY INFORMATION

Directors	P L Jeffreys D W M Painter S Alonzi (appointed 23 June 2017, resigned 13 July 2017)
Registered number	05549542
Registered office	12 Gold Tops Newport NP20 4PH
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2018**

The directors present their report and the financial statements for the year ended 31 May 2018.

Directors' responsibilities statement

The directors are responsible for preparing 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 102 '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 judgements and accounting estimates that are reasonable and prudent; and
- 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.

Directors

The directors who served during the year were:

P L Jeffreys
D W M Painter
S Alonzi (appointed 23 June 2017, resigned 13 July 2017)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

M5 ASSOCIATES LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2018

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26 February 2019 and signed on its behalf.

P L Jeffreys
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M5 ASSOCIATES LIMITED

Opinion

We have audited the financial statements of M5 Associates Limited (the 'Company') for the year ended 31 May 2018 which comprise the Statement of Income and Retained Earnings, the 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 Company's affairs as at 31 May 2018 and of its 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M5 ASSOCIATES LIMITED

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 the 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.

Matters on which we are required to report by exception

In 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 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 from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M5 ASSOCIATES LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 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.

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

Use of the audit 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.

Jonathan Marchant (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street

Bristol
BS1 6DP

27 February 2019

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MAY 2018**

	2018 £	2017 £
Turnover	2,648,843	366,823
Cost of sales	(448,585)	(249,488)
Gross profit	<u>2,200,258</u>	<u>117,335</u>
Administrative expenses	(672,465)	(1,044,164)
Operating profit/(loss)	<u>1,527,793</u>	<u>(926,829)</u>
Profit/(loss) after tax	<u><u>1,527,793</u></u>	<u><u>(926,829)</u></u>
Retained earnings at the beginning of the year	(1,007,131)	(80,302)
	<u>(1,007,131)</u>	<u>(80,302)</u>
Profit/(loss) for the year	1,527,793	(926,829)
Retained earnings at the end of the year	<u><u>520,662</u></u>	<u><u>(1,007,131)</u></u>

The notes on pages 8 to 15 form part of these financial statements.

BALANCE SHEET
AS AT 31 MAY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	44,833	63,232
		<u>44,833</u>	<u>63,232</u>
Current assets			
Debtors: amounts falling due after more than one year	8	5,549,722	1,655,721
Debtors: amounts falling due within one year	8	19,061,462	3,182,269
Cash at bank and in hand	9	13,942	641,034
		<u>24,625,126</u>	<u>5,479,024</u>
Creditors: amounts falling due within one year	10	(463,012)	(228,168)
Net current assets		<u>24,162,114</u>	<u>5,250,856</u>
Total assets less current liabilities		<u>24,206,947</u>	<u>5,314,088</u>
Creditors: amounts falling due after more than one year		(23,686,185)	(6,321,119)
Net assets/(liabilities)		<u><u>520,762</u></u>	<u><u>(1,007,031)</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		520,662	(1,007,131)
		<u><u>520,762</u></u>	<u><u>(1,007,031)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 February 2019.

P L Jeffreys
Director

The notes on pages 8 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

1. General information

M5 Associates Limited is a private company limited by shares and is incorporated in England & Wales, registered number 05549542. Its registered office is 12 Gold Tops, Newport, NP20 4PH.

The principal activity of the company is short term lending to businesses.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	25%
Office equipment	-	15%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

2. Accounting policies (continued)

2.8 Financial instruments (continued)

transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Provisions

The provision for bad debt is an estimate and the actual costs and timing of future cash flows are dependent on future events.

The difference between expectations and the actual future liability will be accounted for the period when determination is made. Based on historic performance, the rigorous checks performed on borrowers and security held there has been no bad debt provision made for other debtors.

4. Employees

The average monthly number of employees, including directors, during the year was 9 (2017 - 8).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

5. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	258,747	249,008
	<u>258,747</u>	<u>249,008</u>

6. Taxation

	2018 £	2017 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	128,785	-
Adjustments in respect of prior years	(128,785)	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.83%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	<u>1,527,793</u>	<u>(926,829)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.83%)	290,281	(183,790)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,222	-
Non-taxable income	(36,260)	-
Adjustments to tax in respect of prior periods - deferred tax	(128,785)	-
Adjust closing deferred tax to average rate of 19%	183	-
Adjust opening deferred tax to average rate of 19%	(15,151)	-
Deferred tax not recognised	1,554	-
Unrelieved tax losses carried forward	-	183,790
Group relief	(127,044)	-
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

During the year the company utilised or surrendered its losses to other group companies and therefore has no trade losses to carry forward.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

7. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation			
At 1 June 2017	59,928	24,831	84,759
At 31 May 2018	59,928	24,831	84,759
Depreciation			
At 1 June 2017	14,982	6,545	21,527
Charge for the year on owned assets	14,982	3,417	18,399
At 31 May 2018	29,964	9,962	39,926
Net book value			
At 31 May 2018	29,964	14,869	44,833
At 31 May 2017	44,946	18,286	63,232

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

8. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	5,549,722	1,655,721
	<u>5,549,722</u>	<u>1,655,721</u>
	2018 £	2017 £
Due within one year		
Amounts owed by group undertakings	-	14,645
Other debtors	17,731,409	2,814,706
Prepayments and accrued income	1,330,053	352,918
	<u>19,061,462</u>	<u>3,182,269</u>

9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	13,942	641,034
	<u>13,942</u>	<u>641,034</u>

10. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	64,782	26,388
Other taxation and social security	22,685	20,207
Other creditors	1,677	2,500
Accruals and deferred income	373,868	179,073
	<u>463,012</u>	<u>228,168</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

11. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to group undertakings	23,686,185	6,321,119
	<u>23,686,185</u>	<u>6,321,119</u>

12. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,380 (2017 - £Nil). Contributions totalling £927 (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

13. Related party transactions

In accordance with the exemption offered by FRS 102 Section 1A, the Company has not disclosed within the financial statements any transactions with entities that form part of the group headed by M Group Holdings Limited.

Park Promotion Limited is a related party by common directorship. £987 repayment was received by (2017 - £60,000 loan paid to) M5 Associates Limited from Park Promotion Limited. £59,013 has been transferred to M Group Holdings Limited and subsequently fully provided in the year (2017 - £60,000 fully provided in M5 Associates Limited).

Pontypool Rugby Limited is a related party by common directorship. £354,710 (2017 - £131,041) was paid by M5 Associates Limited to Pontypool Rugby Limited. £485,751 has been transferred to M Group Holdings Limited and subsequently fully provided for in the year (2017 - £131,041 fully provided in M5 Associated Limited).

14. Controlling party

The parent company is M Group Holdings Limited. The group is under the control of P L Jeffreys who owns 100% of the issued share capital of M Group Holdings Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by M Group Holdings Limited, a company registered in England & Wales. The registered office of M Group Holdings Limited is the same as for this company and the group accounts are available from this address.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.