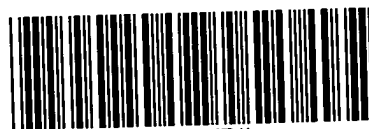


# **Think Loans & Mortgages Limited**

## **Directors' report and financial statements**

For the year ended 31 January 2015  
Registered number 04291279

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 January 2015.

### Principal activities

The Company's principal activity is the arrangement of consumer credit and the provision of associated financial services.

### Business review

The Company's loss after tax for the year is £68,883 (2014: profit of £149,998).

The results for the year are in line with the directors' expectations.

### Dividends

The directors do not recommend payment of a dividend (2014: £nil).

### Directors

The directors who held office during the year were as follows:

J Warr  
S Stylianou  
S Kay

Details of directors' emoluments are set out in note 4 to the accounts.

### Employees and employment policies

The Company has implemented detailed policies in relation to all aspects of personnel matters and acts as an equal opportunities employer.

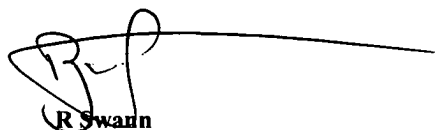
The Company is also committed to increasing employee involvement and believes that effective communication between the Company and its employees can only benefit the business.

It is the policy of the Company to give full and fair consideration to applications for employment by disabled people. For the purpose of training, career development and promotion, disabled employees are treated in the same way as other employees.

### Auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board.



R Swann  
Secretary

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

30 April 2015

Registered number: 04291279

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Think Loans & Mortgages Limited

We have audited the financial statements of Think Loans & Mortgages Limited for the year ended 31 January 2015 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Walker (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
One St Peter's Square  
Manchester  
M2 3AE  
30 April 2015

**Profit and loss account**  
*for the year ended 31 January 2015*

|   | <i>Note</i> | <b>Year ended<br/>31 January<br/>2015<br/>£</b> | <b>Year ended<br/>31 January<br/>2014<br/>£</b> |
|---|-------------|---|---|
| <b>Turnover</b>   | <i>1</i>    | <b>578,435</b>                                  | 909,856   |
| Cost of sales   |             | <b>(24,504)</b>                                 | (12,162)  |
| <b>Gross profit</b>   |             | <b>553,931</b>                                  | 897,694   |
| Administrative expenses - Ongoing                                     |             | <b>(534,851)</b>                                | (398,762)                                       |
| - Exceptional   | <i>3</i>    | <b>(7,549)</b>                                  | -   |
| - Total   |             | <b>(542,400)</b>                                | (398,762)                                       |
| <b>Operating profit before provisions for liabilities and charges</b> | <i>2</i>    | <b>11,531</b>                                   | 498,932   |
| Interest receivable and similar income                                | <i>6</i>    | -   | 1   |
| Interest payable and similar charges                                  | <i>6</i>    | -   | (930)   |
| Provisions for liabilities and charges                                | <i>11</i>   | <b>(100,634)</b>                                | (277,083)                                       |
| <b>(Loss)/profit on ordinary activities before taxation</b>           |             | <b>(89,103)</b>                                 | 220,920   |
| Tax on (loss)/profit on ordinary activities                           | <i>7</i>    | <b>20,220</b>                                   | (70,922)  |
| <b>(Loss)/profit on ordinary activities after taxation</b>            |             | <b>(68,883)</b>                                 | 149,998   |

All activity has arisen from continuing operations.

The notes on pages 6 to 13 form part of these financial statements.

The Company has no recognised gains or losses other than the loss for the year.

**Balance sheet**  
*at 31 January 2015*

|   | <i>Note</i> | <b>31 January<br/>2015<br/>£</b> | <b>31 January<br/>2014<br/>£</b> |
|---|-------------|----------------------------------|----------------------------------|
| <b>Fixed assets</b>                                   |             |                                  |                                  |
| Tangible fixed assets                                 | 8           | 13,357                           | 28,796                           |
|   |             | <u>13,357</u>                    | <u>28,796</u>                    |
| <b>Current assets</b>                                 |             |                                  |                                  |
| Debtors   | 9           | 46,805                           | 37,790                           |
| Cash at bank and in hand                              |             | 463,610                          | 950,910                          |
|   |             | <u>510,415</u>                   | <u>988,700</u>                   |
| <b>Creditors: amounts falling due within one year</b> | 10          | (39,071)                         | (106,771)                        |
| <b>Net current assets</b>                             |             | <u>471,344</u>                   | <u>881,929</u>                   |
| <b>Total assets less current liabilities</b>          |             | <u>484,701</u>                   | <u>910,725</u>                   |
| <b>Provisions for liabilities and charges</b>         | 11          | (260,611)                        | (617,752)                        |
| <b>Net assets</b>                                     |             | <u>224,090</u>                   | <u>292,973</u>                   |
| <b>Capital and reserves</b>                           |             |                                  |                                  |
| Called up share capital                               | 12          | 1                                | 1                                |
| Other reserves  | 14          | -                                | -                                |
| Profit and loss account                               | 13          | 224,089                          | 292,972                          |
| <b>Total equity shareholders' funds</b>               | 14          | <u>224,090</u>                   | <u>292,973</u>                   |

The notes on pages 6 to 13 form part of these financial statements.

The financial statements were approved by the board of directors on 30 April 2015 and were signed on its behalf by:



**S Stylianou**  
 Director

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles and under the historical cost accounting rules.

#### ***Going concern***

After making appropriate enquiries, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### ***Turnover***

Turnover represents commission receivable from the arrangement of consumer credit and fees derived from the introduction of clients to other financial services providers. Turnover is recognised on confirmation of a completed transaction and is stated net of VAT and consists of services provided in the United Kingdom.

#### ***Cash flow statement***

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### ***Related parties***

As the Company is a wholly owned subsidiary of Milan Topco Limited, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 and not disclosed transactions or balances with other wholly owned entities which form part of the Group.

#### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, by the straight-line method, over their estimated useful economic lives as follows:

Furniture and equipment - 4 years

#### ***Leases***

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair values and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments due under them are charged to the profit and loss account on a straight-line basis over the lease term.

#### ***Provisions for liabilities and charges***

A dilapidations provision is made in respect of leased properties and is based on a best estimate of the expenditure required to settle the obligation due at the time properties are expected to be vacated. The provision is discounted and based upon market conditions at the balance sheet date.

A regulatory provision is made by the Company in respect of its requirement to review historic sales of payment protection insurance and compensate customers who have been mis-sold a policy.

An onerous lease provision is made in respect of the costs associated with leased properties for costs due to be incurred between the date the property is vacated and the lease expiry date.



**Notes (continued)**

**1 Accounting policies (continued)**

**Pension costs**

The Company operates a defined contribution pension scheme and the associated costs are set out in note 5.

**Taxation**

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

**Share based payments**

Think Money Group Limited operates an equity settled share option scheme that allows certain group employees to acquire shares in the ultimate holding company, Milan Topco Limited. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity and is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

**2 Operating profit**

|  | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|--|---------------------------------------|---------------------------------------|
| Operating profit is stated after charging:                               |                                       |                                       |
| <i>Auditor's remuneration:</i>   |                                       |                                       |
| Audit of these financial statements                                      | 3,443                                 | 3,343                                 |
| Taxation   | 2,165                                 | 2,102                                 |
| <i>Depreciation and other amounts written off tangible fixed assets:</i> |                                       |                                       |
| Owned assets   | 15,214                                | 15,240                                |
| <i>Operating lease rentals</i>   |                                       |                                       |
| Hire of land and buildings   | -                                     | 141,913                               |
| <i>Disposal of fixed assets</i>  |                                       |                                       |
| Loss on disposal of fixed assets   | 225                                   | -                                     |

**Notes (continued)**

**3 Exceptional items**

Exceptional costs incurred in the year were as follows:

|                  | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|------------------|---------------------------------------|---------------------------------------|
| Regulatory costs | 7,549                                 | -                                     |
|                  | <u>7,549</u>                          | <u>-</u>                              |

Regulatory costs include consultancy fees incurred during the year in relation to the submission of the Group's various FCA authorisation applications which are deemed to be one-off in nature and significant in value and have therefore been classified as exceptional.

**4 Remuneration of directors**

The directors who served during the year are paid by another Group subsidiary, Think Money Group Limited, and therefore there are no directors' emoluments to be disclosed in this Company's financial statements.

**5 Staff numbers and costs**

The average monthly number of persons employed by the Company during the year, analysed by category, was as follows:

|                | Number of employees |           |
|----------------|---------------------|-----------|
|                | 2015                | 2014      |
| Sales          | 6                   | 10        |
| Administration | 3                   | 2         |
|                | <u>9</u>            | <u>12</u> |

The aggregate payroll costs of these persons were as follows:

|                                    | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|------------------------------------|---------------------------------------|---------------------------------------|
| Wages and salaries                 | 213,248                               | 313,305                               |
| Social security costs              | 18,649                                | 29,100                                |
| Pension contributions              | 3,144                                 | 2,841                                 |
| Share based payments (see note 16) | -                                     | (3,238)                               |
|                                    | <u>235,041</u>                        | <u>342,008</u>                        |

**Notes (continued)**

**6 Interest and similar income and charges**

|   | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|---|---------------------------------------|---------------------------------------|
| <b>Interest receivable</b>                          |                                       |                                       |
| Interest receivable on bank balances                | -                                     | 1                                     |
| <b>Total interest receivable and similar income</b> | -                                     | 1                                     |
| <b>Interest payable</b>                             |                                       |                                       |
| Interest payable on bank loans and overdrafts       | -                                     | 930                                   |
| <b>Total interest payable and similar charges</b>   | -                                     | 930                                   |

**7 Taxation**

(a) Analysis of tax (credit)/charge in year at 21.32% (2014: 23.16%)

|  | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|--|---------------------------------------|---------------------------------------|
| <i>Current tax</i>                                 |                                       |                                       |
| UK corporation tax at 21.32% (2014: 23.16%)        | (19,544)                              | 69,898                                |
| Adjustment in respect of prior years               | -                                     | 72                                    |
| <b>Total current tax</b>                           | <b>(19,544)</b>                       | <b>69,970</b>                         |
| <i>Deferred tax</i>                                |                                       |                                       |
| Origination and reversal of timing differences     | (678)                                 | (109)                                 |
| Adjustment in respect of prior years               | 2                                     | (67)                                  |
| Effect of change in tax rate                       | -                                     | 1,128                                 |
| <b>Total deferred tax</b>                          | <b>(676)</b>                          | <b>952</b>                            |
| <b>Tax on (loss)/profit on ordinary activities</b> | <b>(20,220)</b>                       | <b>70,922</b>                         |

**Notes (continued)**

**7 Taxation (continued)**

**(b) Factors affecting current tax (credit)/charge in year**

The current tax (credit)/charge for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 21.32% (2014: 23.16%). The differences are explained below:

|   | £               | £             |
|---|-----------------|---------------|
| (Loss)/profit on ordinary activities before taxation                                  | <b>(89,103)</b> | 220,920       |
| Tax on (loss)/profit on ordinary activities at standard rate of 21.32% (2014: 23.16%) | <b>(19,000)</b> | 51,168        |
| <i>Effects of:</i>  |                 |               |
| Expenses not deductible for tax purposes  | <b>42</b>       | 18,603        |
| Adjustment in respect of prior years  | -               | 72            |
| Accelerated capital allowances  | <b>723</b>      | 127           |
| Adjustment for non-taxable income   | <b>(1,309)</b>  | -             |
| <b>Current tax (credit)/charge for the year</b>                                       | <b>(19,544)</b> | <b>69,970</b> |

The Company surrenders its losses to other Group subsidiaries.

**8 Tangible fixed assets**

|                           | <b>Furniture<br/>and<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------|--|--------------------|
| <i>Cost</i>               |  |                    |
| At beginning of year      | 67,456                                       | 67,456             |
| Disposals                 | (12,002)                                     | (12,002)           |
| <b>At end of year</b>     | <b>55,454</b>                                | <b>55,454</b>      |
| <i>Depreciation</i>       |  |                    |
| At beginning of year      | 38,660                                       | 38,660             |
| Charge for year           | 15,214                                       | 15,214             |
| Disposals                 | (11,777)                                     | (11,777)           |
| <b>At end of year</b>     | <b>42,097</b>                                | <b>42,097</b>      |
| <i>Net book value</i>     |  |                    |
| <b>At 31 January 2015</b> | <b>13,357</b>                                | <b>13,357</b>      |
| At 31 January 2014        | 28,796                                       | 28,796             |

The Company held no assets under hire purchase or finance lease agreements at the year end (2014: £nil).

**Notes (continued)**

**9 Debtors**

|  | 31 January<br>2015<br>£ | 31 January<br>2014<br>£ |
|--|-------------------------|-------------------------|
| Prepayments and accrued income           | 18,955                  | 30,160                  |
| Deferred taxation (see note 11)          | 8,306                   | 7,630                   |
| Group relief due from Group undertakings | 19,544                  | -                       |
|  | <u>46,805</u>           | <u>37,790</u>           |

**10 Creditors: amounts falling due within one year**

|  | 31 January<br>2015<br>£ | 31 January<br>2014<br>£ |
|--|-------------------------|-------------------------|
| Trade creditors  | 7,631                   | 4,925                   |
| Amounts payable to Group undertakings in respect of Group relief | -                       | 59,895                  |
| Corporation tax  | -                       | 7,136                   |
| Other taxation and social security                               | 5,041                   | 5,375                   |
| Accruals and deferred income                                     | 16,737                  | 21,319                  |
| Amounts owed to Group undertakings                               | 9,662                   | 8,121                   |
|  | <u>39,071</u>           | <u>106,771</u>          |

**11 Provisions for liabilities and charges**

|  | Regulatory<br>£ | Onerous lease<br>provision<br>£ | Dilapidations<br>£ | Deferred<br>taxation<br>£ | Total<br>£     |
|--|-----------------|---------------------------------|--------------------|---------------------------|----------------|
| At 1 February 2014                             | 287,672         | 193,080                         | 137,000            | (7,630)                   | 610,122        |
| Deferred tax movement in the year (see note 7) | -               | -                               | -                  | (676)                     | (676)          |
| Amount booked through profit and loss          | 100,000         | 634                             | -                  | -                         | 100,634        |
| Amount utilised against the provision          | (135,030)       | (190,209)                       | (132,536)          | -                         | (457,775)      |
| At 31 January 2015                             | <u>252,642</u>  | <u>3,505</u>                    | <u>4,464</u>       | <u>*(8,306)</u>           | <u>252,305</u> |

The Company has considered the requirement to review its historic sales of payment protection insurance. The balance of the provision is expected to cover the costs of compensating any remaining affected customers over the course of the next financial year.

The costs associated with leased properties for the period between the date the property is vacated and the lease expiry date are provided for in full.

**Notes (continued)**

**11 Provisions for liabilities and charges (continued)**

The likely cost of dilapidations is being provided for leased properties that were vacated in January 2014.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 January 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

There is no deferred taxation unprovided for in these financial statements.

\* The net deferred taxation position in 2015 and 2014 gives rise to a deferred taxation asset. This is recognised in the balance sheet and appears within debtors.

The elements of deferred taxation are as follows:

|                                | Amount<br>provided<br>31 January<br>2015<br>£ | Amount<br>provided<br>31 January<br>2014<br>£ |
|--------------------------------|---|---|
| Accelerated capital allowances | <u>(8,306)</u>                                | <u>(7,630)</u>                                |

**12 Authorised share capital**

|  | 31 January<br>2015<br>£ | 31 January<br>2014<br>£ |
|--|-------------------------|-------------------------|
| Allotted, called up and fully paid<br>1 ordinary share of £1 | <u>1</u>                | <u>1</u>                |

**13 Reserves**

|                            | 31 January<br>2015<br>£ | 31 January<br>2014<br>£ |
|----------------------------|-------------------------|-------------------------|
| Opening balance            | 292,972                 | 142,974                 |
| (Loss)/profit for the year | (68,883)                | 149,998                 |
| Closing balance            | <u>224,089</u>          | <u>292,972</u>          |

**Notes (continued)**

**14 Reconciliation of movements in shareholders' funds**

|   | Year ended<br>31 January<br>2015<br>£ | Year ended<br>31 January<br>2014<br>£ |
|---|---------------------------------------|---------------------------------------|
| (Loss)/profit for the year                            | (68,883)                              | 149,998                               |
| Other reserves – share based payments (see note 16)   | -                                     | (3,238)                               |
| <b>Net (decrease)/increase in shareholders' funds</b> | <b>(68,883)</b>                       | <b>146,760</b>                        |
| Opening shareholders' funds                           | 292,973                               | 146,213                               |
| <b>Closing shareholders' funds</b>                    | <b>224,090</b>                        | <b>292,973</b>                        |

**15 Operating lease commitments**

At 31 January 2015, the Company had annual commitments under non-cancellable operating leases which expire as set out below:

|                 | Land and buildings |           |
|-----------------|--------------------|-----------|
|                 | 2015<br>£          | 2014<br>£ |
| Within one year | -                  | 156,364   |
|                 | -                  | 156,364   |

**16 Share based payments**

Think Money Group Limited has established an employee share option scheme that allows key employees of the group to acquire shares in the ultimate holding company, Milan Topco Limited, in the event that the business is sold.

In December 2009, 1,000 options were issued by the Company, however in the year ending 31st January 2014 the remaining options held were transferred to the Group company Intelligent Lending Limited. As at 31st January 2015, there were no options held in the Company.

The expense recognised for the year arising from equity settled share based payments is £nil (2014: credit of £3,238). There is a potential deferred tax liability of £nil (2014: £648) arising from the share based payment expense in the year.

**17 Ultimate parent company**

As part of a Group reorganisation in the year, the Company was sold by its immediate parent company, Intelligent Lending Limited to another group company, Think Money Holdings Limited, a company incorporated and registered in England and Wales.

The entire issued share capital of this company is indirectly owned by Milan Topco Limited, a company incorporated and registered in Jersey. The consolidated Group accounts of Milan Topco Limited are filed with the accounts of the intermediate Group company Milan Swapco Limited and are available to the public from Companies House, Crown Way, Cardiff.

61.1% of the issued share capital of Milan Topco Limited is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited: