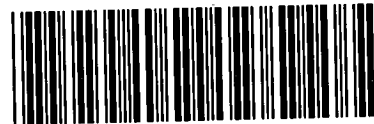


**REGISTERED NUMBER: 04291279 (England and Wales)**

**Intelligent Lending Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 January 2019**

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## **Intelligent Lending Limited**

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**Intelligent Lending Limited**

**Company Information  
for the Year Ended 31 January 2019**

**Directors:** G Dearden  
S Kay  
S Stylianou  
J Warr

**Company Secretary:** R Swann

**Registered Office:** Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

**Registered Number:** 04291279 (England and Wales)

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**Auditor:** KPMG LLP  
Statutory Auditor & Chartered Accountants  
One St Peter's Square  
Manchester  
M2 3AE

## **Intelligent Lending Limited**

### **Strategic Report for the Year Ended 31 January 2019**

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

#### **Business Review**

The Company's profit after tax for the year was £0.5m (2018: £1.2m). The Company has net assets of £0.8m (2018: £0.7m) at the year end.

Turnover increased by £0.6m on a like for like basis compared to the prior year (2018: £0.5m increase), whilst operating profit decreased by £0.8m (2018: £0.4m increase).

Management review key performance indicators for the Company on a monthly basis.

The total number of Ocean credit cards originated by the Company reduced by 13% (2018: remained broadly in line) year on year.

Mortgages and remortgages decreased by 2% in number (2018: 46% increase) and 12% in brokerage terms (2018: 46% increase) year on year, whilst secured loan volumes decreased by 1% in number (2018: 42% increase) and 1% in brokerage terms (2018: 56% increase)

#### **Non-Recurring Costs**

The non-recurring items in the profit and loss account relate to costs incurred by the business during the year, including: redundancy costs arising from a reorganisation and payments made to staff as part of the sale of the wider Group during the year.

#### **Future Developments**

The Company is well placed to maintain its position in the sector over the coming year and continues to invest in its infrastructure, systems and staff alike.

#### **Principal Risks and Uncertainties**

The principal risks and uncertainties that the Company is exposed to are credit risk arising from the unsecured customer lending product and regulatory risk as the Company is regulated by the Financial Conduct Authority ('FCA').

Credit risk is managed at a Group level by the Credit Risk Committee to whom the Group Risk Committee has delegated the specific credit risk management policies and monitoring responsibilities. The Credit Risk Committee regularly monitors underwriting policies and procedures, losses incurred on the lending product and the level of provisioning required.

A description of how the Company monitors and manages regulatory capital is included within the regulatory capital section of the Directors' Report. The Company maintains policies and procedures and provides regular training to staff to ensure that all the relevant regulatory requirements are met.

Management continuously review the key risks facing the business. Demand for the Company's services over the next 12 months will continue to be affected by macroeconomic factors such as the strength of the UK economy and prevailing interest rates, as well as by the attitude and policies of Government, banks, building societies and large financial institutions.

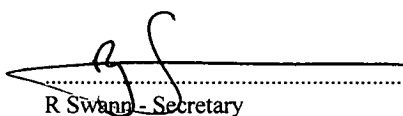
**Intelligent Lending Limited**

**Strategic Report - continued  
for the Year Ended 31 January 2019**

**Brexit**

The UK is now in a period of uncertainty as the UK Government seeks to establish Brexit terms with the EU. At a macro level, the UK and world have already experienced volatility in the financial markets which in turn may affect UK financial stability and ultimately our customers' financial decisions. At a Company level, legislation and regulation currently applicable may change when the UK leaves the EU. At present it is still too early to speculate on what form such changes may take and their impact, if any, on the Company. The Board nonetheless considers the need for our customers to access financial solutions in a timely and professional manner to be of paramount importance and will ensure that the Company is positioned to comply with any regulatory or commercial changes which result from the EU exit negotiations.

**On behalf of the Board:**

  
.....  
R Swan - Secretary

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

Date: 13 Nov '19 .....

## **Intelligent Lending Limited**

### **Directors' Report for the Year Ended 31 January 2019**

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

#### **Principal Activity**

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

#### **Change of Ownership**

During the year, the Group entered into an agreement for the intermediate parent company, Milan Midco Limited, to sell its interests in Milan Bidco Limited along with all subsidiaries. Following receipt of Financial Conduct Authority (FCA) approval for the change in control, the transaction completed on 7 August 2018. The ultimate parent company is now Tomahawk Bidco Limited, a company incorporated and registered in Jersey.

#### **Dividends**

A dividend of £500,000 (£250,000 per share) was paid in the year (2018: £990,000 dividend - £495,000 per share). The directors do not recommend payment of a final dividend (2018: £Nil).

#### **Directors**

The directors who held office during the year and to the date of this report were as follows:

G Dearden  
S Kay  
S Stylianou  
J Warr

Details of director's emoluments are set out in note 6 to the financial statements.

#### **Directors' Indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Matters Covered in the Strategic Report**

See the Strategic Report for future developments and details of the principal risks and uncertainties.

#### **Political Contributions**

The Company made no political contributions in the year (2018: £Nil).

#### **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.

#### **Financial Risk Management Objectives and Policies**

See note 18 for details of financial risk management, exposure to risks and the Company's risk management framework.

#### **Regulatory Capital**

In line with the Company's authorisation from the FCA, there is a regulatory capital requirement, to ensure that the Company maintains adequate capital throughout the year. The directors confirm that the Company has maintained sufficient levels of capital throughout the reporting period to consistently exceed the regulatory requirement. Management review the Company's capital in line with the requirements on a monthly basis.

**Intelligent Lending Limited**

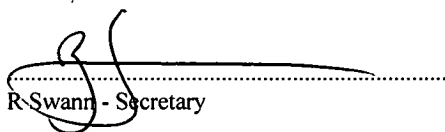
**Directors' Report - continued  
for the Year Ended 31 January 2019**

**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.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**On behalf of the Board:**

  
R. Swann - Secretary

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

Date: 13 Nov '19

## **Intelligent Lending Limited**

### **Statement of Directors' Responsibilities for the Year Ended 31 January 2019**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Intelligent Lending Limited**

### **Opinion**

We have audited the financial statements of Intelligent Lending Limited ("the Company") for the year ended 31 January 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period")

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the Members of Intelligent Lending Limited - continued**

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

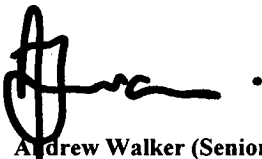
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



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

Date: .....

**Intelligent Lending Limited**

**Profit and Loss Account  
for the Year Ended 31 January 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Turnover</b>	<b>1</b>	<b>16,000,117</b>	<b>15,422,887</b>
Cost of sales		(10,334,889)	(8,504,527)
Impairment of loans and advances	<b>18</b>	<b>100,040</b>	<b>(378,716)</b>
<b>Gross Profit</b>		<b>5,765,268</b>	<b>6,539,644</b>
Administrative expenses - Ongoing		(4,294,848)	(4,864,876)
- Non-recurring	<b>4</b>	<b>(702,039)</b>	<b>(148,607)</b>
- Total		<b>(4,996,887)</b>	<b>(5,013,483)</b>
<b>Operating Profit</b>	<b>3</b>	<b>768,381</b>	<b>1,526,161</b>
Provisions for liabilities and charges		(25,000)	-
Finance costs		(38)	-
<b>Profit Before Taxation</b>		<b>743,343</b>	<b>1,526,161</b>
Tax on profit	<b>7</b>	<b>(195,731)</b>	<b>(304,310)</b>
<b>Profit After Taxation</b>		<b>547,612</b>	<b>1,221,851</b>

All activity has arisen from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

There were no other components of recognised income or expense in either year and consequently no statement of comprehensive income has been prepared.

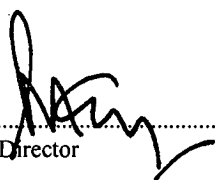
**Intelligent Lending Limited**

**Balance Sheet  
As at 31 January 2019**

	Note	2019 £	2018 £
<b>Fixed Assets</b>			
Tangible assets	9	296,996	179,093
<b>Current Assets</b>			
Debtors	10	1,967,713	1,577,912
Loans and advances	11	122,805	644,117
Deferred tax	16	67,971	53,724
Cash and cash equivalents		1,392,594	1,370,295
		<u>3,551,083</u>	<u>3,646,048</u>
<b>Creditors</b>			
Amounts falling due within one year	12	(2,889,232)	(2,293,204)
Loans and borrowings		(132,025)	(769,608)
		<u>529,826</u>	<u>583,236</u>
<b>Net Current Assets</b>		<u>826,822</u>	<u>762,329</u>
<b>Total Assets Less Current Liabilities</b>			
		826,822	762,329
<b>Creditors</b>			
Amounts falling due after more than one year	13	(12,613)	-
<b>Provisions for Liabilities</b>	14	(28,686)	(24,418)
		<u>785,523</u>	<u>737,911</u>
<b>Net Assets</b>		<u>785,523</u>	<u>737,911</u>
<b>Capital and Reserves</b>			
Called up share capital	15	2	2
Share premium		749,543	749,543
Profit and loss account		35,978	(11,634)
		<u>785,523</u>	<u>737,911</u>
<b>Total Equity Shareholders' Funds</b>		<u>785,523</u>	<u>737,911</u>

The notes on pages 12 to 22 form part of these financial statements.

The financial statements of Intelligent Lending Limited (registered number: 04291279) were approved by the Board of Directors and authorised for issue on 10 November 19. They were signed on its behalf by:

  
S Kay - Director

**Intelligent Lending Limited****Statement of Changes in Equity  
for the Year Ended 31 January 2019**

	<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
<b>Balance at 1 February 2017</b>	2	749,543	(243,485)	506,060
Profit for the year	-	-	1,221,851	1,221,851
Dividends	-	-	(990,000)	(990,000)
<b>Balance at 31 January 2018</b>	2	749,543	(11,634)	737,911
Profit for the year	-	-	547,612	547,612
Dividends	-	-	(500,000)	(500,000)
<b>Balance at 31 January 2019</b>	2	749,543	35,978	785,523

## **Intelligent Lending Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2019**

#### **1. Accounting Policies**

Intelligent Lending Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued by the Financial Reporting Council. The presentational currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Tomahawk Bidco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Tomahawk Bidco Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are filed with the financial statements of the intermediate Group company Milan Bidco Limited and are available to the public from Companies House, Crown Way, Cardiff. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

The financial statements have been prepared under the historical cost accounting rules.

##### **Related parties**

As the Company is a wholly owned subsidiary of Tomahawk Bidco Limited, the Company has taken advantage of the exemption contained in Section 33 of FRS 102 and not disclosed transactions or balances with other wholly owned entities which form part of the Group.

##### **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.

## **Intelligent Lending Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2019**

#### **1. Accounting Policies - continued**

##### **Basic financial instruments**

Basic financial instruments comprise of loans and advances, debtors, cash and cash equivalents, interest bearing borrowings and creditors.

##### *Loans and advances*

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently, these are measured at amortised cost using the effective interest rate method.

The amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the amount advanced and the maturity amount less impairment provisions for incurred losses. Loans and advances comprise unsecured loans made to customers.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate, less any impairment losses. Trade debtors are commissions and fees receivable from the arrangement of secured and unsecured consumer credit.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand are disclosed separately within trade and other creditors.

##### *Interest bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

##### **Other financial instruments**

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. The gain or loss on remeasurement is recognised immediately in the profit and loss account.

##### **Tangible fixed assets and depreciation**

##### *Recognition and measurement*

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in the profit and loss account.

## **Intelligent Lending Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2019**

#### **1. Accounting Policies - continued**

##### **Tangible fixed assets and depreciation - continued**

###### *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful life of each part of property, plant and equipment as follows:

Computer equipment - 4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### **Impairment**

###### *Financial assets*

A financial asset not carried at fair value through the profit and loss account is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

##### **Employee benefits**

###### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

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

A provision is recognised on the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting 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.

##### **Turnover**

Turnover represents fees and commissions receivable from the arrangement of secured and unsecured consumer credit and interest earned on unsecured loans and advances to customers. Fees and commission receivable from the arrangement of consumer credit are recognised on confirmation of a completed transaction. Interest earned on unsecured loans and advances is calculated and recognised using the effective interest method, which allocates interest over the expected life of the assets. All turnover is stated net of VAT and consists of services provided in the United Kingdom.



## **Intelligent Lending Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2019**

#### **1. Accounting Policies - continued**

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

##### **Non-recurring costs**

Non-recurring items are material and excluded from management's assessment of profit because, by their nature, they could distort the Company's underlying quality of earnings. These are excluded to reflect performance in a consistent manner and in line with how the business is managed and measured on a day to day basis. These items are disclosed separately on the face of the profit and loss account and are explained in more detail in note 4.

Subsequent revisions of estimates of items initially recognised as non-recurring provisions are recorded as non-recurring expenses in the year that the revision is made.

#### **2. Estimates and Judgements**

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates that are considered to be the most important to the portrayal of the Company's financial condition are those relating to loan loss provisions. An increase of 5% to the estimated loss rates would increase the provision by £1,000 (2018: £7,000).

The critical judgements that are considered to be the most important in the preparation of the financial statements are those around the risks and rewards of the unsecured lending product, whereby management has performed an assessment of the risks and rewards of the relevant contracts and has assumed that all risks and rewards fall to this Company.

## Intelligent Lending Limited

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

#### 3. Operating Profit

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible assets	83,382	58,823
<i>Auditors' remuneration:</i>		
Audit of these financial statements	12,228	14,402
Taxation	4,747	4,315
	<u>          </u>	<u>          </u>

#### 4. Non-Recurring Items

Non-recurring items incurred in the year were as follows:

	2019	2018
	£	£
Redundancy costs	417,633	151,062
Group sale transaction costs	269,000	-
Regulatory costs	13,969	-
Onerous lease	1,437	(2,455)
	<u>          </u>	<u>          </u>
	702,039	148,607
	<u>          </u>	<u>          </u>

Redundancy costs relate to settlement payments made to staff following a reorganisation.

Group sale transaction costs are made up of payments made to staff as part of the sale of the wider Group during the year (note 19).

Regulatory costs include costs incurred as part of ensuring compliance with GDPR.

Onerous lease costs incurred in the current year relate to a retention payable as part of an onerous lease. Onerous lease credits in the prior year relate to the release of Group onerous lease amounts provided at the end of 2016.

#### 5. Staff Numbers and Costs

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

	Number of employees	
	2019	2018
Sales	47	45
Administration	45	32
	<u>          </u>	<u>          </u>
	92	77
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	3,394,853	2,537,289
Social security costs	307,026	241,932
Other pension costs	47,032	32,305
	<u>          </u>	<u>          </u>
	3,748,911	2,811,526
	<u>          </u>	<u>          </u>

# Intelligent Lending Limited

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

### 6. Remuneration of Directors

	2019	2018
	£	£
Directors' emoluments	236,723	132,252

The aggregate of emoluments, including benefits in kind was paid to one director in the year, with pension costs of £2,620 (2018: £2,620) also paid on their behalf. The other directors who served during the year, and in the previous year, are paid by another Group subsidiary, TMG Limited (formerly Think Money Group Limited), and therefore there are no directors' emoluments to be disclosed for them in this Company's financial statements.

### 7. Taxation

#### (a) Analysis of the tax charge in year at 19% (2018: 19.16%)

	2019	2018
	£	£
<i>Current tax:</i>		
Adjustment in respect of prior years	-	12,900
Group relief payable	209,978	302,881
Total current tax	209,978	315,781
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(14,247)	(10,296)
Adjustment in respect of prior years	-	(1,175)
Total deferred tax	(14,247)	(11,471)
<b>Tax on profit</b>	<b>195,731</b>	<b>304,310</b>

#### (b) Factors affecting effective tax charge in year

The total tax charge in year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19.16%). The differences are explained below:

	2019	2018
	£	£
Profit before tax	743,343	1,526,161
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19.16%)	141,235	292,438
<i>Effects of:</i>		
Expenses not deductible for tax purposes	52,818	1,648
Adjustment in respect of prior years	-	12,900
Adjustment to deferred tax in respect of prior years	-	(1,175)
Other timing differences	1,678	1,308
Transfer pricing adjustments	-	(2,809)
<b>Total tax charge</b>	<b>195,731</b>	<b>304,310</b>

For details of future tax rate changes, see note 16.

**Intelligent Lending Limited**

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

**8. Dividends**

	2019 £	2018 £
<i>Equity dividends:</i>		
Ordinary dividends paid of £250,000 per share (2018: £495,000 per share)	500,000	990,000

**9. Tangible Assets**

	Computer equipment £	Total £
<b>COST</b>		
At 1 February 2018	459,987	459,987
Additions	201,285	201,285
At 31 January 2019	661,272	661,272
<b>DEPRECIATION</b>		
At 1 February 2018	280,894	280,894
Charge for year	83,382	83,382
At 31 January 2019	364,276	364,276
<b>NET BOOK VALUE</b>		
At 31 January 2019	296,996	296,996
At 31 January 2018	179,093	179,093

Assets held under finance leases and hire purchase agreements originally cost £19,742 (2018: £Nil) and have a net book value of £19,331 (2018: £Nil) at the year end. Depreciation charged for the year on those assets was £411 (2018: £Nil).

**10. Debtors: Amounts Falling Due Within One Year**

	2019 £	2018 £
Trade debtors	1,066,442	1,083,714
Amounts due from Group undertakings	206,401	-
Prepayments and accrued income	694,870	494,198
	1,967,713	1,577,912

Amounts due from Group undertakings are subject to interest of 1% per annum and repayable on demand.

**11. Loans and Advances**

	2019 £	2018 £
Gross loans and advances	132,025	769,608
Less: Allowance for impairment losses (note 18)	(9,220)	(125,491)
<b>Total</b>	122,805	644,117
Amounts expected to be repaid within 12 months of the reporting date	122,154	523,486
Amounts expected to be repaid more than 12 months from the reporting date	651	120,631

## Intelligent Lending Limited

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

#### 12. Creditors: Amounts Falling Due Within One Year

	2019	2018
	£	£
Trade creditors	1,655,421	1,356,330
Amounts owed to Group undertakings in respect of Group relief	209,978	315,781
Other taxation and social security	304,655	240,545
Accruals and deferred income	712,051	252,768
Amounts owed to Group undertakings	-	127,743
Other creditors	546	37
Obligations under finance leases and hire purchase contracts (note 17)	6,581	-
	<u>2,889,232</u>	<u>2,293,204</u>

Amounts due to Group undertakings are subject to interest of 1% per annum and repayable on demand.

#### 13. Creditors: Amounts Falling Due After More Than One Year

	2019	2018
	£	£
Obligations under finance leases and hire purchase contracts (note 17)	<u>12,613</u>	<u>-</u>

#### 14. Provisions for Liabilities

	Regulatory	Total
	£	£
At 1 February 2018	24,418	24,418
Amounts booked to provisions for liabilities and charges	25,000	25,000
Amounts utilised against the provision	(20,732)	(20,732)
At 31 January 2019	<u>28,686</u>	<u>28,686</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.

#### 15. Called Up Share Capital and Reserves

##### Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
2	Ordinary shares	£1	<u>2</u>	<u>2</u>

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

**Intelligent Lending Limited**

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

**16. Deferred Tax**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Opening balance	(53,724)	(42,253)
Movement in the year (note 7)	(14,247)	(11,471)
	<u>(67,971)</u>	<u>(53,724)</u>
Closing balance	<u>(67,971)</u>	<u>(53,724)</u>

Please note that from 1 April 2017, the main rate of corporation tax was reduced to 19%. A further reduction to 18% (effective 1 April 2018) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Any deferred tax at 31 January 2019 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

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

The net deferred taxation position in 2019 and 2018 gives rise to a deferred taxation asset.

The elements of deferred taxation are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	(67,349)	(53,174)
Other timing differences	(622)	(550)
	<u>(67,971)</u>	<u>(53,724)</u>

**17. Obligations Under Hire Purchase and Finance Leases**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within one year	6,581	-
Between two and five years	12,613	-
	<u>19,194</u>	<u>-</u>

**18. Financial Instruments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at amortised cost	1,066,442	1,083,714
Cash and cash equivalents	1,392,594	1,370,295
	<u>2,459,036</u>	<u>2,454,009</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(2,577,996)	(2,052,659)
	<u>(2,577,996)</u>	<u>(2,052,659)</u>

## **Intelligent Lending Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2019**

#### **18. Financial Instruments - continued**

##### **Accounting classifications and fair value**

All of the Company's financial assets and liabilities classified as loans and receivables or other financial liabilities are measured at amortised cost. There are no financial instruments held in the Company's accounts which are held at fair value.

##### **Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- credit risk; and
- liquidity risk.

The business does not suffer significant exposure to market risk, and therefore credit risk and liquidity risk are considered to be most relevant to the Company.

##### **Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Group has a Risk Committee in place, which is responsible for developing and monitoring the Group's risk management policies and ensuring that its strategy, principles, policies and resources are aligned to the Group's risk appetite. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect the Group's activities. Through its training and competency standards and procedures, the Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Group Internal Audit.

##### **Credit risk**

The Group Risk Committee delegates its specific credit risk management policies and monitoring to the Credit Risk Committee. The Credit Risk Committee reports regularly to the Risk Committee and the Board of directors on its activities.

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. This risk arises from the Company's unsecured lending activities as a result of defaulting loan contracts, and is the most significant risk faced by the Company.

Credit risks associated with lending are managed through the use of detailed lending policies which outline the approach to lending, underwriting criteria and product terms.

##### **Loans and advances**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

The Company establishes a provision for loan losses that represents its estimate of incurred losses in respect of loans and advances. At the end of the year, £20,292 of gross loans and advances were past due and impaired (2018: £144,649).

## Intelligent Lending Limited

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

#### 18. Financial Instruments - continued

The movement in the provision for impairment in respect of loans and advances during the year was as follows:

	Loans and advances £
Balance at 1 February 2017	505,514
Impairment loss recognised	378,716
Amounts transferred to other Group subsidiaries	(758,739)
	<hr/>
Balance at 31 January 2018	125,491
Impairment loss reversed	(100,040)
Amounts transferred to other Group subsidiaries	(16,231)
	<hr/>
Balance at 31 January 2019	9,220

#### Cash and cash equivalents

The Company's cash and cash equivalents are held with bank and financial institution counter parties, which are rated A+ to BBB+ based on Fitch ratings.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. It arises from the Company's management of working capital and the finance charges and principal repayments on debt instruments.

The Group monitors its risk to a shortage of funds through regular cash management and forecasting.

#### Regulatory capital

In line with the Company's authorisation from the FCA, there is a regulatory capital requirement, to ensure that the Company maintains adequate capital throughout the year. The directors confirm that the Company has maintained sufficient levels of capital throughout the reporting period to consistently exceed the regulatory requirement. Management review the Company's capital in line with the requirements on a monthly basis.

#### 19. Ultimate Parent Company

The immediate parent company is TMG Holdings 2 Limited (formerly Think Money Holdings Limited), a company incorporated and registered at Think Park, Mosley Road, Trafford Park, Manchester, M17 1FQ.

The ultimate controlling company is Tomahawk Bidco Limited, a company incorporated and registered in Jersey. The consolidated Group financial statements of Tomahawk Bidco Limited are filed with the financial statements of the intermediate Group company Milan Bidco Limited and are available to the public from Companies House, Crown Way, Cardiff.

The ultimate controlling party is Ares Management Limited. 99.7% of the issued share capital of Tomahawk Bidco Limited is held by Ares Management Limited on behalf of funds managed by that company.

Tomahawk Bidco Limited became the ultimate controlling company and Ares Management Limited became the ultimate controlling party on 7 August 2018 after Tomahawk Bidco Limited acquired 100% of the intermediate parent company, Milan Bidco Limited along with all other subsidiaries.