

Company No: 04291279 (England and Wales)

INTELLIGENT LENDING LIMITED
Annual Report and Financial Statements
For the financial year ended 31 January 2020



INTELLIGENT LENDING LIMITED
Annual Report and Financial Statements
For the financial year ended 31 January 2020

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INTELLIGENT LENDING LIMITED

COMPANY INFORMATION

For the financial year ended 31 January 2020

DIRECTORS

G Dearden

S Kay

S Stylianou

J Warr

SECRETARY

R Swann

REGISTERED OFFICE

Think Park

Mosley Road

Trafford Park

Manchester

M17 1FQ

United Kingdom

COMPANY NUMBER

04291279 (England and Wales)

AUDITOR

KPMG LLP

Statutory Auditor & Chartered Accountants

One St Peter's Square

Manchester

M2 3AE

INTELLIGENT LENDING LIMITED
STRATEGIC REPORT
For the financial year ended 31 January 2020

The directors present their Strategic Report for the financial year ended 31 January 2020.

REVIEW OF THE BUSINESS

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

The Company's profit after tax for the year was £3.4m (2019: £0.5m). The Company has net assets of £0.9m (2019: £0.8m) at the year end.

Turnover increased by £7.1m on a like for like basis compared to the prior year (2019: £0.6m increase), whilst profit before tax increased by £3.3m (2019: £0.8m decrease).

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

The total number of Ocean credit cards originated by the Company increased by 56% (2019: reduced by 13%) year on year.

Mortgages and remortgages decreased by 8% in number (2019: 2%) and 28% in brokerage terms (2019: 12%) year on year, whilst secured loan volumes increased by 40% in number (2019: 1% decrease) and 34% in brokerage terms (2019: 1% decrease).

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.

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.

INTELLIGENT LENDING LIMITED

STRATEGIC REPORT (continued)

For the financial year ended 31 January 2020

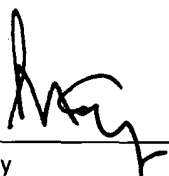
EXCEPTIONAL ITEMS

The exceptional items in the profit and loss account relate to non-recurring costs incurred by the business during the year, including: redundancy costs arising from a reorganisation and remediation costs paid to customers.

BREXIT

The UK economy is now in a period of transition as it begins to trade under new Brexit terms and conditions agreed 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 following the UK's exit from 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 UK's exit from the EU.

Approved by the Board of Directors and signed on its behalf by:



S Kay
Director

Think Park
Mosley Road
Trafford Park
Manchester
M17 1FQ
United Kingdom

Date:

20 Jan '21

INTELLIGENT LENDING LIMITED
DIRECTORS' REPORT
For the financial year ended 31 January 2020

The directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report, for the financial year ended 31 January 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was the arrangement of consumer credit and the provision of associated financial services.

GOING CONCERN

The financial statements are prepared on a going concern basis notwithstanding that the Company has reported an operating profit of £4.1m for the year to 31 January 2020 (2019: £0.8m) and has reported a net asset position of £0.9m as at 31 January 2020. This has increased to £1.2m at 30 November 2020.

At the ultimate parent Group level (Tomahawk Bidco Limited), the directors of the parent company have prepared a base case forecast and a forecast with sensitivities, which considers profitability, liquidity and performance against financial covenants, for a period of at least 12 months from the date of approval of these financial statements. These forecasts incorporate the current economic uncertainty, in particular the effects of the COVID-19 pandemic. The directors have considered these forecasts their going concern assessment for the Company.

The effects of COVID-19 have been severely felt throughout the world in since World Health Organization declared the outbreak a global pandemic in March 2020 and the future impact on the results of the Company are difficult to predict. In response to the pandemic, operational measures continue to be in place, with employees working from home where possible. The Company has continued to provide consistent levels of customer service. Consequently, the directors do not anticipate a significant impact on the Company's ability to serve its customers as a result of the ongoing effects of the pandemic.

The directors have made an assessment covering a period of at least 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its intermediate parent company, Milan Bidco Limited, to meet its liabilities as they fall due for that period. In particular, the assessment indicates that in a severe but plausible downside the Company would need a capital injection in the region of £0.8m from Milan Bidco Limited in order to avoid a breach of their regulatory capital requirements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

INTELLIGENT LENDING LIMITED
DIRECTORS' REPORT (continued)
For the financial year ended 31 January 2020

DIRECTORS

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

G Dearden
S Kay
S Stylianou
J Warr

DIRECTORS' INDEMNITIES

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

POLITICAL CONTRIBUTIONS

The Company made no political contributions in the year (2019: £Nil).

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.

MATTERS COVERED IN THE STRATEGIC REPORT

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

DIVIDENDS

A dividend of £3,200,000 (£1,600,000 per share) was paid in the year (2019: £500,000 - £250,000 per share). The directors do not recommend payment of a final dividend (2019: £Nil).

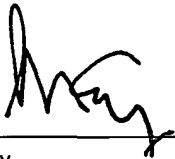
INTELLIGENT LENDING LIMITED
DIRECTORS' REPORT (continued)
For the financial year ended 31 January 2020

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.

Approved by the Board of Directors and signed on its behalf by:



S Kay
Director

Think Park
Mosley Road
Trafford Park
Manchester
M17 1FQ
United Kingdom

Date: 20 Jan '21

INTELLIGENT LENDING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

For the financial year ended 31 January 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 financial period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 are responsible for 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, and 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**

For the financial year ended 31 January 2020

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Intelligent Lending Limited ("the Company") for the year ended 31 January 2020 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 2020 and of its profit for the financial 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.

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 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 judgments 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTELLIGENT LENDING LIMITED (continued)
For the financial year ended 31 January 2020**

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 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.

Report on other legal and regulatory requirements

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 the Directors' Responsibilities Statement, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTELLIGENT LENDING LIMITED (continued)
For the financial year ended 31 January 2020**

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.

Jessica S.S. Katsouris

Jessica Katsouris (Senior Statutory Auditor)
For and on behalf of KPMG LLP
Statutory Auditor & Chartered Accountants

One St Peter's Square
Manchester
M2 3AE

Date: 21/01/2021

INTELLIGENT LENDING LIMITED
PROFIT AND LOSS ACCOUNT
For the financial year ended 31 January 2020

	Note	2020 £	2019 £
Turnover		23,118,096	16,000,117
Cost of sales		(13,679,080)	(10,234,849)
Gross profit		9,439,016	5,765,268
Administrative expenses		(5,313,529)	(4,294,848)
Exceptional items	4	(33,228)	(702,039)
Operating profit		4,092,259	768,381
Other non-operating loss		(7,144)	(25,000)
Profit before interest and taxation		4,085,115	743,381
Interest payable and similar expenses		(460)	(38)
Profit before taxation	3	4,084,655	743,343
Tax on profit	7	(724,294)	(195,731)
Profit for the financial year attributable to the equity shareholders of the Company		3,360,361	547,612

All amounts relate to continuing operations.

There were no items of other comprehensive income or losses for the current or prior year other than those included in the Profit and Loss Account, accordingly no Statement of Comprehensive Income is presented.


INTELLIGENT LENDING LIMITED

BALANCE SHEET

As at 31 January 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	397,148	296,996
		397,148	296,996
Current assets			
Debtors	10	2,391,783	2,158,489
Cash at bank and in hand		2,886,063	1,392,594
		5,277,846	3,551,083
Current liabilities			
Creditors: Amounts falling due within one year	11	(4,723,078)	(3,021,257)
Net current assets		554,768	529,826
Total assets less current liabilities		951,916	826,822
Creditors: Amounts falling due after more than one year	12	(6,032)	(12,613)
Provision for liabilities	13	-	(28,686)
Net assets		945,884	785,523
Capital and reserves			
Called-up share capital	16	2	2
Share premium account	16	749,543	749,543
Profit and loss account	16	196,339	35,978
Total shareholder's funds		945,884	785,523

The financial statements of Intelligent Lending Limited (registered number: 04291279) were approved and authorised for issue by the Board of Directors on 20 Jan '21. They were signed on its behalf by:



 S Kay
 Director

INTELLIGENT LENDING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 January 2020

	Called-up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 01 February 2019	2	749,543	35,978	785,523
Profit for the financial year	-	-	3,360,361	3,360,361
Total comprehensive income	-	-	3,360,361	3,360,361
Dividends paid on equity shares (note 8)	-	-	(3,200,000)	(3,200,000)
At 31 January 2020	2	749,543	196,339	945,884
At 01 February 2018	2	749,543	(11,634)	737,911
Profit for the financial year	-	-	547,612	547,612
Total comprehensive income	-	-	547,612	547,612
Dividends paid on equity shares (note 8)	-	-	(500,000)	(500,000)
At 31 January 2019	2	749,543	35,978	785,523

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 January 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year.

General information and basis of accounting

Intelligent Lending Limited (the Company) is a private company, limited by shares, incorporated 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 Think Park, Mosley Road, Trafford Park, Manchester, M17 1FQ, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The functional currency of Intelligent Lending Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

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.

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Company has reported an operating profit of £4.1m for the year to 31 January 2020 (2019: £0.8m) and has reported a net asset position of £0.9m as at 31 January 2020. This has increased to £1.2m at 30 November 2020.

At the ultimate parent Group level (Tomahawk Bidco Limited), the directors of the parent company have prepared a base case forecast and a forecast with sensitivities, which considers profitability, liquidity and performance against financial covenants, for a period of at least 12 months from the date of approval of these financial statements. These forecasts incorporate the current economic uncertainty, in particular the effects of the COVID-19 pandemic. The directors have considered these forecasts their going concern assessment for the Company.

The effects of COVID-19 have been severely felt throughout the world in since World Health Organization declared the outbreak a global pandemic in March 2020 and the future impact on the results of the Company are difficult to predict. In response to the pandemic, operational measures continue to be in place, with employees working from home where possible. The Company has continued to provide consistent levels of customer service. Consequently, the directors do not anticipate a significant impact on the Company's ability to serve its customers as a result of the ongoing effects of the pandemic.

The directors have made an assessment covering a period of at least 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its intermediate parent company, Milan Bidco Limited, to meet its liabilities as they fall due for that period. In particular, the assessment indicates that in a severe but plausible downside the Company would need a capital injection in the region of £0.8m from Milan Bidco Limited in order to avoid a breach of their regulatory capital requirements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

Employee benefits

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.

INTELLIGENT LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 January 2020

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.

Exceptional items

Exceptional items relate to non-recurring expenses which 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 the notes to the financial statements.

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.

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

Tangible fixed assets

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.

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 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.

Leases

The Company as lessee

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, assets held under finance leases and hire purchase contracts are measured at an amount equal to the lower of their fair values and the present value of the minimum lease payments. Subsequent to initial recognition, these assets are accounted for in accordance with the accounting policy applicable to those assets. 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.

Impairment of 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.

INTELLIGENT LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 January 2020

Financial instruments

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

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

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.

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand are disclosed separately within trade and other creditors. Monies held on behalf of customers in designated bank accounts are not recorded as an asset on the balance sheet when there are no substantive risks and rewards from these monies.

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

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.

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.

Provisions

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.

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.

INTELLIGENT LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 January 2020

2. Critical accounting judgements and key sources of estimation uncertainty

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 directors do not believe there are any material critical judgements made in applying the accounting policies in these statements nor do the directors believe that there are any material sources of estimation uncertainty in the estimates applied.

3. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets (note 9)	133,838	83,382
Other non-operating loss - Provisions for liabilities credited to the profit and loss account	7,144	25,000
Fees payable to the Company's auditor for the audit of these financial statements	18,000	12,228
Fees payable to the Company's auditor for taxation services	4,315	4,747

4. Exceptional items

	2020	2019
	£	£
Redundancy costs	17,189	417,633
Group sale transaction costs	-	269,000
Regulatory costs	-	13,969
Onerous lease	-	1,437
Other non-recurring costs	16,039	-
	33,228	702,039

INTELLIGENT LENDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 January 2020

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

Group sale transaction costs in the prior year are made up of payments made to staff as part of the sale of the wider Group during the prior year.

Regulatory costs in the prior year include costs incurred as part of ensuring compliance with GDPR.

Onerous lease costs incurred in the prior year relate to a retention payable as part of an onerous lease.

Other costs relate to remediation paid to customers as part of the closure of a loan portfolio.

5. Staff number and costs

	2020	2019
	Number	Number
The average monthly number of employees (including directors) was:		
Sales	44	47
Administration	60	45
	104	92

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	3,783,714	3,394,853
Social security costs	395,088	307,026
Other retirement benefit costs	76,414	47,032
	4,255,216	3,748,911

6. Directors' remuneration

	2020	2019
	£	£
Emoluments	132,185	236,723
	132,185	236,723

The aggregate of emoluments, including benefits in kind was paid to one director in the year (2019: one), with pension costs of £3,712 (2019: £2,620) paid on their behalf. The other directors who served during the year and in the previous year were paid by other Group subsidiaries, TMG Limited and Gregory Pennington Limited, and therefore there are no directors' emoluments to be disclosed for them in this Company's financial statements

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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7. Tax on profit

	2020	2019
	£	£
Current tax on profit		
UK corporation tax	-	-
Adjustment in respect of prior periods	(69,412)	-
Group relief payable	776,538	209,978
Total current tax	707,126	209,978
Deferred tax		
Origination and reversal of timing differences	954	(14,247)
Adjustment in respect of prior periods	16,214	-
Total deferred tax	17,168	(14,247)
Total tax on profit	724,294	195,731

Tax reconciliation

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK:

	2020	2019
	£	£
Profit before tax	4,084,655	743,343
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	776,084	141,235
Effects of:		
- Expenses not deductible for tax purposes	1,520	52,818
- Adjustments in respect of prior years	(69,412)	-
- Adjustments to deferred tax in respect of previous periods	16,214	-
- Adjustment to tax rate on deferred tax	(112)	-
- Other timing differences	-	1,678
Total tax charge for year	724,294	195,731

For details of future tax rate charges, see deferred tax note (note 14).

8. Dividends on equity shares

	2020	2019
	£	£
Amounts recognised as distributions to equity holders in the financial period:		
Interim dividend for the financial year of £1,600,000 (2019: £250,000) per ordinary share	3,200,000	500,000
	3,200,000	500,000

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

9. Tangible assets

	Computer equipment	Total
	£	£
Cost/Valuation		
At 01 February 2019	661,272	661,272
Additions	233,990	233,990
At 31 January 2020	895,262	895,262
Accumulated depreciation		
At 01 February 2019	364,276	364,276
Charge for the financial year	133,838	133,838
At 31 January 2020	498,114	498,114
Net book value		
At 31 January 2020	397,148	397,148
At 31 January 2019	296,996	296,996

Assets held under finance leases and hire purchase agreements originally cost £19,742 (2019: £19,742) and have a net book value of £14,395 (2019: £19,331) at the year end. Depreciation charged for the year on those assets was £4,936 (2019: £411).

10. Debtors

	2020	2019
	£	£
Trade debtors	1,690,694	1,066,442
Amounts owed by Group undertakings	-	206,401
Other debtors	-	122,805
Prepayments	650,286	694,870
Deferred tax asset	50,803	67,971
	2,391,783	2,158,489

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

Loans and advances

Included within other debtors is £Nil (2019: £122,805) of loans and advances.

Gross loans and advances is £Nil (2019: £132,025) and the associated allowance for impairment losses against this balance is £Nil (2019: £9,220) resulting in a net debtor of £Nil (2019: £122,805). See the financial instruments note for further details regarding the allowance for impairment losses.

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Obligations under finance leases and hire purchase contracts	6,581	6,581
Other loans	-	132,025
Trade creditors	2,224,265	1,655,421
Amounts owed to Group undertakings	1,508,856	209,978
Other taxation and social security	360,327	304,655
Other creditors	563	546
Deferred income	622,486	712,051
	4,723,078	3,021,257

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

Included in amounts owed to Group undertakings is £707,126 (2019: £209,978) in respect of group relief.

12. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Obligations under finance leases and hire purchase contracts	6,032	12,613
	6,032	12,613

Finance leases

	2020	2019
	£	£
Between two and five years	6,032	12,613
	6,032	12,613
On demand or within one year	6,581	6,581
	12,613	19,194

13. Provision for liabilities

	Other	Total
	£	£
At 01 February 2019	28,686	28,686
Charged to the Profit and Loss Account	7,144	7,144
Utilisation of provision	(35,830)	(35,830)
At 31 January 2020	-	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

Other provisions relate to a regulatory provision.

The Company considered the requirement to review its historic sales of payment protection insurance in previous years. As the final deadline for lodging claims in regards to payment protection insurance passed in August 2019, no further provision is deemed to be required.

14. Deferred tax

	2020	2019
	£	£
At the beginning of financial year	67,971	53,724
(Charged)/credited to the Profit and Loss Account	(17,168)	14,247
At the end of financial year	50,803	67,971

The deferred taxation balance is made up as follows:

	2020	2019
	£	£
Accelerated capital allowances	49,524	67,349
Other timing differences	1,279	622
	50,803	67,971

Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantively enacted by the Balance Sheet date, deferred tax balances as at 31 January 2020 continue to be measured at 17%. The change of rate will affect the size of the Company's deferred tax assets and liabilities in the future.

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

The net deferred taxation position in 2020 and 2019 give rise to a deferred taxation asset.

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

15. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2020	2019
	£	£
Financial assets		
<i>Measured at undiscounted amount receivable</i>		
- Trade debtors (note 10)	1,690,694	1,066,442
- Other debtors (note 10)	-	122,805
- Amounts owed by Group undertakings (note 10)	-	206,401
	1,690,694	1,395,648
Financial liabilities		
<i>Measured at amortised cost</i>		
- Bank loans and other loans	-	(132,025)
- Obligations under finance leases	(12,613)	(19,194)
<i>Measured at undiscounted amount payable</i>		
- Trade creditors (note 11)	(2,224,265)	(1,655,421)
- Other payables (note 11)	(563)	(546)
- Amounts owed to Group undertakings (note 11)	(1,508,856)	(209,978)
	(3,746,297)	(2,017,164)

Other debtors of £Nil (2019: £122,805) relates to loans and advances.

Accounting classifications and fair value

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

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises from the Group's lending activities as a result of defaulting loan contracts, and is a significant risk faced by the Group.

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 31 January 2020 £Nil of gross loans and advances were past due (2019: £20,292).

The balance on the impairment provision at the beginning of the year was £9,220 (2019: £125,491). The impairment loss reversed during the year was £7,695 (2019: £100,040). The amount written off during the year was £6,502 (2019: £Nil) and the amount transferred to other Group subsidiaries during the year was £8,027 (2019: £16,231). The balance on the impairment provision at the end of the year was therefore £Nil (2019: £9,220).

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.

Cash and cash equivalents

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

INTELLIGENT LENDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the financial year ended 31 January 2020

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.

16. Called-up share capital and reserves

	2020	2019
	£	£
Allotted, called-up and fully-paid		
2 Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>
Presented as follows:		
Called-up share capital presented as equity	2	2
	<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 reserve represents cumulative profits or losses net of dividends paid and other adjustments.

17. Events after the Balance Sheet date

Since the period under review, the rapid spreading of COVID-19 has become a significant emerging risk to the global economy. The directors continue to monitor the impact of the virus on the business as more information about the epidemic emerges. The directors note this is a non-adjusting post balance sheet event. Further details are provided in the going concern section of the accounting policies note.

After the year end, the Company issued shares to its parent company to the value of £1.0m.

18. Controlling party

The immediate parent company is TMG Holdings 2 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.