

TMG.TV Limited

Report and Financial Statements

For the year ended 31 March 2014

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Company Information

| | |
|---------------------------|---|
| Directors | Mr RA Law Mr DJ Wilson |
| Company Secretary | Mr J Constantin |
| Registered Office | GB House Kingsfield Court Chester Business Park CHESTER CH4 9GB |
| Business Address | 1 Wilford Business Park Ruddington Lane West Bridgford NOTTINGHAM NG11 7EP |
| Registered Auditor | Ernst & Young LLP 100 Barbirolli Square MANCHESTER M2 3EY |
| Solicitors | Squire Patton Boggs (UK) LLP Trinity Court 16 John Dalton Street MANCHESTER M60 8HA |

Directors' report

The directors present their report and the financial statements for the year ended 31 March 2014.

Results and dividends

The profit for the year, after taxation, amounted to £301,795 (2013: £296,832). No interim dividend was paid during the year and the directors do not recommend the payment of a final dividend (2013 – £nil).

Principal activity and review of the business

The principal activity of the Company is that of providing background checking services through online and offline verification and authentication of individuals, enabling organisations to safeguard, recruit and engage with confidence. The Company also engaged in the provision of creative communications and media services in which the trade and net assets relating to that part of the business were disposed of on 5 November 2012. The results relating to that part of the business are therefore reported as discontinued operations within this report.

On 5 November 2012, the entire share capital of the company was acquired by GB Group PLC.

On 1 January 2014, the trade and assets of TMG.TV Limited were hived up to its ultimate parent undertaking GB Group PLC at net book value. The operating results for 2014 reflect the nine months of trading before the hive up took place.

Change in accounting reference date

During the previous financial period, the Directors of the Company agreed to change the accounting reference date from 31 December to 31 March. Accordingly the comparative financial information for 2013 reflects the figures for the fifteen month period from 1 January 2012 to 31 March 2013 and is therefore not directly comparable.

Principal risks and uncertainties

Management use a model to identify and assess the impact of risks to the business under four key headings – financial, strategic, operational and knowledge. For each risk, the likelihood and consequence are identified, management controls are confirmed and results reported. The significant risks and uncertainties faced by the Company were common with those faced by the immediate parent undertaking GB Group PLC and as such are set out in its Annual Report. Additionally, the corporate governance report of GB Group PLC provides further detail about the risk management processes in place through its group companies.

Directors

The directors who served the company during the period were as follows:

Mr Richard Anthony Law
Mr David John Wilson

Mr John Constantin served as Company Secretary during the period.

Directors' report (continued)

Directors' liabilities

During the period the company had in force an indemnity provision in favour of the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Political and charitable donations

During the period the company made no charitable donations (2013 – £681). No political donations were made in the year (2013 – £nil).

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within section 414B of the Companies Act 2006.

Auditors

Ernst & Young LLP were auditors of the Company during the year and are deemed re-appointed as the company's auditor under the Companies Act 2006.

By order of the Board



John Constantin
Company Secretary
16 October 2014

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). 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 departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of TMG.TV Limited

We have audited the financial statements of TMG.TV Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of TMG.TV Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.



Gary Harding (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Manchester
Date: 20 October 2014

Profit and Loss Account

for the year ended 31 March 2014

| | | Year ending 31 March 2014 | 15 months ending 31 March 2013 |
|--|-------|------------------------------------|---|
| | Notes | £ | £ |
| Turnover | | | |
| Continuing operations | | 1,721,687 | 2,298,974 |
| Discontinued operations | | - | 1,353,887 |
| | 2 | 1,721,687 | 3,652,861 |
| Cost of sales | 5 | (473,023) | (1,385,577) |
| Gross profit | | 1,248,664 | 2,267,284 |
| Net operating expenses (excluding exceptional items) | 5 | (926,698) | (1,922,243) |
| Other operating income | 3 | 33,638 | 53,564 |
| Exceptional items | 6 | - | (19,048) |
| Operating profit | | | |
| Continuing operations | | 355,604 | 515,365 |
| Discontinued operations | | - | (116,760) |
| Exceptional items | | - | (19,048) |
| | 4 | 355,604 | 379,557 |
| Interest receivable and similar income | 9 | 1 | 101 |
| Interest payable and similar charges | 10 | - | (3,268) |
| Profit on ordinary activities before taxation | | 355,605 | 376,390 |
| Tax | 11 | (53,810) | (79,558) |
| Profit for the financial year | 18 | 301,795 | 296,832 |

The results for the comparative period include those relating to a creative communications proportion of the business in which the trade and net assets were disposed of on 5 November 2012. The remaining operations consist of the CRB checking business and are continuing.

Statement of total recognised gains and losses

for the year period ended 31 March 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £301,795 in the year ended 31 March 2014 (2013 – £296,832).

Balance Sheet

As at 31 March 2014

| | | As at 31 March 2014 £ | As at 31 December 2013 £ |
|---|-------|--------------------------------|-----------------------------------|
| | Notes | | |
| Fixed assets | | | |
| Tangible assets | 12 | - | 199,981 |
| | | - | 199,981 |
| Current assets | | | |
| Debtors | 13 | 1,322,219 | 734,002 |
| Cash at bank and in hand | | - | 1,393,786 |
| | | 1,322,219 | 2,127,788 |
| Creditors: amounts falling due within one year | 14 | - | (1,254,093) |
| | | 1,322,219 | 873,695 |
| Net current assets | | 1,322,219 | 873,695 |
| Total assets less current liabilities | | 1,322,219 | 1,073,676 |
| Provisions for liabilities | 15 | - | (53,252) |
| | | 1,322,219 | 1,020,424 |
| Net assets | | 1,322,219 | 1,020,424 |
| Capital and reserves | | | |
| Called up share capital | 16 | 2 | 2 |
| Profit and loss account | 17 | 1,322,217 | 1,020,422 |
| | | 1,322,219 | 1,020,424 |
| Shareholders' funds | | 1,322,219 | 1,020,424 |

Approved by the Board



DJ Wilson
Director
16 October 2014

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements for the year ended 31 March 2014 were authorised for issue by the Board of Directors on 16 October 2014 and the balance sheet was signed on the Board's behalf by Mr DJ Wilson.

TMG.TV Limited is a company incorporated and domiciled England.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounting policies that follow set out those policies that apply in preparing the financial statements for year ending 31 March 2014. The Company has applied the same policies throughout the period.

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 (revised) not to prepare a statement of cash flows.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied and is recognised on the despatch of goods.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of purchase, of each asset over its expected useful life on the following bases:

| | | |
|--------------------|---|------------------------|
| Land and buildings | – | 50 years straight line |
| Plant & machinery | – | 4 years straight line |

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Operating lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transaction. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Notes to the financial statements

1. Accounting policies (continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources and borrowing facilities to continue operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

Deferred taxation

Corporation tax is provided on the assessable profits of the company at the appropriate rates in force.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions

Contributions to defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

2. Turnover

Turnover, which is stated net of value added tax, represents the amount of goods and services invoiced to customers in the United Kingdom.

The discontinued operations comprise the part of the business that was engaged in creative communications.

Notes to the financial statements

3. Other operating income

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|---------------|---|--|
| Rental income | 33,638 | 53,564 |

4. Operating profit

This is stated after charging:

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|--|---|--|
| Depreciation of tangible fixed assets owned by the company | 73,261 | 168,656 |
| Loss on disposal of fixed assets | - | 4,730 |
| Pension costs | 24,295 | 63,156 |

Fees paid to the auditors for UK audit and non-audit services were borne by the parent company.

5. Analysis of cost of sales and net operating expenses

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|---------------------------------|---|--|
| Cost of sales: | | |
| Continuing | 473,023 | 817,470 |
| Discontinued | - | 568,107 |
| | 473,023 | 1,385,577 |
| <i>Administrative expenses:</i> | | |
| Continuing | 926,698 | 984,827 |
| Discontinued | - | 937,416 |
| Net operating expenses | 926,698 | 1,922,243 |

6. Exceptional costs

Exceptional costs of £19,048 were incurred in the period ended 31 March 2013 in relation to the costs of staff reorganisation.

Notes to the financial statements

7. Directors' emoluments

On 5 November 2012 the share capital of the Company was acquired in full by GB Group PLC and at that point the previous directors resigned. The aggregate emoluments of the directors up to and including 4 November 2012 were as follows:

| | |
|----------------------|--|
| | <i>15 months ended 31 March 2013 £</i> |
| Aggregate emoluments | 72,308 |

Mr RA Law and Mr DJ Wilson are both also directors of the ultimate parent undertaking, GB Group PLC, and fellow subsidiaries. In the year to 31 March 2014, the two directors received emoluments totalling £831,000 (2013: £659,000). Further information can be found in the GB Group PLC financial statements.

The directors do not believe it is practicable to apportion these amounts between services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

There were no directors accruing retirement benefits borne by the Company during the period (2013: nil).

Notes to the financial statements

8. Staff costs

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|-----------------------|---|--|
| Wages and salaries | 596,026 | 1,406,748 |
| Social security costs | 66,649 | 135,785 |
| Pension costs | 24,295 | 63,156 |
| | <u>686,970</u> | <u>1,605,689</u> |

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

| | Year ending 31 March 2014 £ No. | 15 months ending 31 March 2013 £ No. |
|--------------------------|--|---|
| Sales and administration | 27 | 29 |
| Technical | 5 | 5 |
| | <u> </u> | <u> </u> |

9. Interest receivable

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|---------------|---|--|
| Bank interest | 1 | 101 |
| | <u> </u> | <u> </u> |

10. Interest payable

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|---------------|---|--|
| Loan interest | - | 3,268 |
| | <u> </u> | <u> </u> |

Notes to the financial statements

11. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|--|---|--|
| Current tax: | | |
| UK corporation tax charge on profit for the year | 56,061 | 96,885 |
| Adjustments in respect to prior periods | - | - |
| Total current tax (note 11(b)) | 56,061 | 96,885 |
| Deferred tax (see note 11(c)): | | |
| Origination and reversal of timing differences | (2,251) | (17,327) |
| Tax on profit on ordinary activities | 53,810 | 79,558 |

(b) Factors affecting current tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 23% (2013: 24.4%). The differences are explained below:

| | Year ending 31 March 2014 £ | 15 months ending 31 March 2013 £ |
|--|---|--|
| Profit on ordinary activities before taxation | 355,605 | 376,390 |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 – 24.4%) | 81,789 | 91,839 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 3,450 | 11,317 |
| Losses surrendered within the group for group relief | (8,452) | (19,627) |
| Other timing differences | 3,775 | (2,204) |
| Adjustment in relation to small profits relief | - | - |
| Capital allowances in excess of depreciation | (24,501) | 15,560 |
| | 56,061 | 96,885 |

Notes to the financial statements

11. Taxation (continued)

(c) Deferred taxation

| | <i>Year ending 31 March 2014 £</i> | <i>15 months ending 31 March 2013 £</i> |
|---|--|---|
| At beginning of the period | 28,252 | 45,579 |
| Release for the period | (2,251) | (17,327) |
| Transfer to parent undertaking on hive up | (26,001) | - |
| At end of the period | - | 28,252 |

The provision for deferred taxation is made up as follows:

| | <i>At 31 March 2014 £</i> | <i>At 31 March 2013 £</i> |
|--------------------------------|---------------------------------------|---------------------------------------|
| Accelerated capital allowances | - | 28,252 |

(d) Factors that may affect the future tax charges

The changes to the main rate of corporation tax for UK companies announced in the March 2013 Budget were substantively enacted for financial reporting purposes on 2 July 2013. The main changes in corporation tax rates, that will have accounting implications for deferred tax, are as follows:

- The main rate of corporation tax reduced from 23% to 21% from 1 April 2014.
- The main rate of corporation tax will further reduce to 20% from 1 April 2015.

Notes to the financial statements

12. Tangible fixed assets

| | <i>Plant and machinery</i> |
|----------------------------|----------------------------|
| | £ |
| Cost: | |
| At 1 April 2013 | 484,620 |
| Additions | 165,136 |
| Disposals | (649,756) |
| | <hr/> |
| At 31 March 2014 | - |
| Depreciation: | |
| At 1 April 2013 | (284,639) |
| Provided during the period | (73,261) |
| Disposals | 357,900 |
| | <hr/> |
| At 31 March 2014 | - |
| Net book value: | |
| At 31 March 2014 | - |
| | <hr/> <hr/> |
| At 31 March 2013 | 199,981 |
| | <hr/> <hr/> |

On 1 January 2014, the trade and assets of TMG.TV Limited were hived up to its ultimate parent undertaking GB Group PLC at net book value.

Notes to the financial statements

13. Debtors

| | At 31 March 2014 £ | At 31 March 2013 £ |
|------------------------------------|-----------------------------|-----------------------------|
| Trade debtors | - | 620,204 |
| Other debtors and prepayments | - | 113,798 |
| Amounts owed by parent undertaking | 1,322,219 | - |
| | <u>1,322,219</u> | <u>734,002</u> |

14. Creditors: amounts falling due within one year

| | At 31 March 2014 £ | At 31 March 2013 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Trade creditors | - | 661,347 |
| Corporation tax | - | 97,276 |
| Social security and other taxes | - | 64,978 |
| Other creditors | - | 158,172 |
| Amounts owing to parent undertaking | - | 272,320 |
| | <u>-</u> | <u>1,254,093</u> |

15. Provisions

| | At 31 March 2014 £ | At 31 March 2013 £ |
|--|-----------------------------|-----------------------------|
| Deferred taxation | - | 28,252 |
| Provision for dilapidation cost on leased premises | - | 25,000 |
| | <u>-</u> | <u>53,252</u> |

Notes to the financial statements

16. Issued share capital

| | <i>As at 31 March 2014 No.</i> | <i>As at 31 March 2013 No.</i> | <i>As at 31 March 2014 £</i> | <i>As at 31 March 2013 £</i> |
|---|--|--|--|--|
| <i>Authorised</i> | | | | |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <i>As at 31 March 2014 No.</i> | <i>As at 31 March 2013 No.</i> | <i>As at 31 March 2014 £</i> | <i>As at 31 March 2013 £</i> |
| <i>Allotted, called up and fully paid</i> | | | | |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

17. Statement of movement on reserves

| | <i>Profit and loss account £</i> |
|-------------------------------|--|
| At 1 January 2012 (unaudited) | 759,590 |
| Profit for the year | 296,832 |
| Dividends: equity capital | (36,000) |
| | <u> </u> |
| At 31 March 2013 | 1,020,422 |
| Profit for the period | 301,795 |
| | <u> </u> |
| At 31 March 2014 | 1,322,217 |
| | <u> </u> |

18. Shareholder's funds

| | <i>£</i> |
|-------------------------------|-------------------|
| At 1 January 2012 (unaudited) | 759,592 |
| Profit for the year | 296,832 |
| Dividends: equity capital | (36,000) |
| | <u> </u> |
| At 31 March 2013 | 1,020,424 |
| Profit for the period | 301,795 |
| | <u> </u> |
| At 31 March 2014 | 1,322,219 |
| | <u> </u> |

Notes to the financial statements

19. Dividends

| | <i>Year ending 31 March 2014 £</i> | <i>15 months ending 31 March 2013 £</i> |
|----------------------------------|--|---|
| Dividends paid on equity capital | - | 36,000 |

20. Related party transactions

The company is a wholly owned subsidiary of GB Group PLC and has taken advantage of the exemption under FRS 8 not to disclose transactions with other group companies and investees of the group qualifying as related parties.

21. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is GB Group PLC which is registered in England and Wales. The Company is included in the consolidated financial statements of GB Group PLC. Copies of GB Group PLC's financial statements may be obtained from The Company Secretary, GB House, Kingsfield Court, Chester Business Park, CH4 9GB.