

Company No: 05987151 (England and Wales)

TMG LIMITED
Annual Report and Unaudited Financial Statements
For the financial year ended 31 January 2020



TMG LIMITED
Annual Report and Unaudited Financial Statements
For the financial year ended 31 January 2020

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TMG LIMITED

COMPANY INFORMATION

For the financial year ended 31 January 2020

DIRECTORS

M Dennis
W Grout
S Kay
P Storey
S Stylianou
J Warr

SECRETARY

R Swann

REGISTERED OFFICE

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

COMPANY NUMBER

05987151 (England and Wales)

TMG 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 that of a holding company employing staff to provide support to other subsidiaries in the Group and developing software and systems for use by those subsidiaries.

Turnover represents charges made to other Group companies in connection with the staff employed and services provided to support these companies.

The Company's loss after tax for the year was £6.5m (2019: £8.2m). Turnover rose to £0.6m (2019: £0.4m), whilst operating losses decreased to £8.2m (2019: £9.8m).

During the year, the fair value of the Company's investments were increased by £256k (2019: £44k) with the adjustment reflected in the fair value reserve in equity.

There are no key performance indicators produced for the Company given its activity as an intermediate holding company and no other significant transactions have occurred during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Management continuously review the key risks facing the business. Demand for the Company's services over the next 12 months will be directly affected by the requirements of other Group subsidiaries.

The principal risks and uncertainties that the Company is exposed to are operational and technological risks, including cyber risks. These arise from any failure of the Company's IT systems in the course of their development, implementation and operation. These risks are managed by the Group's IT staff and reported into the Group Risk Committee.

FUTURE DEVELOPMENTS

There are no changes to the Company's principal activities expected in the coming year.

EXCEPTIONAL ITEMS

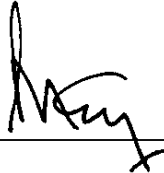
The exceptional items in the profit and loss account relate to non-recurring costs incurred by the business during the year, including: redundancy costs arising from a reorganisation, costs incurred to wind up entities previously removed from the Group, and IT infrastructure costs.

TMG LIMITED
STRATEGIC REPORT (continued)
For the financial year ended 31 January 2020

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

TMG 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, for the financial year ended 31 January 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was that of a holding company employing staff to provide support to other subsidiaries in the Group and developing software and systems for use by those subsidiaries.

The Company passed a special resolution on 10 April 2019 changing its name from Think Money Group Limited to TMG Limited.

GOING CONCERN

The financial statements are prepared on a going concern basis notwithstanding that the Company has reported an operating loss of £8.2m for the year to 31 January 2020 (2019: £9.8m) and has reported a net liability position as at 31 January 2020.

The directors have prepared base case 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. In preparing those forecasts, the directors have considered the current economic uncertainty, in particular the effects of the COVID-19 pandemic.

The effects of COVID-19 have been severely felt throughout the world in recent months and the future impact on the results of the Company are difficult to predict. In response to the pandemic, operational measures are already 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 pandemic.

The directors continuously review the key risks facing the business and recognise that demand for the Company's services over the next 12 months will continue to be affected to a substantial degree by the COVID-19 pandemic and by macroeconomic factors (including those that might be influenced by Brexit) such as the strength of the UK economy, the availability of loan and re-mortgage products and prevailing interest rates, as well as by the attitude and policies of Government, banks, building societies and large financial institutions towards over-indebted consumers. The directors consider that the current economic outlook presents significant challenges in terms of new business volumes and input costs. Whilst the directors have instituted measures to preserve cash and the Group has secured additional finance, there is uncertainty over future trading results and cash flows. In assessing the going concern basis of preparation, the directors have therefore considered a severe but plausible downside scenario.

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

This scenario demonstrates that:

- in the event that there is a continued trading impact from COVID-19 over the period and a lessened demand for the Company's services, the Company would still be able to meet its commitments and would be able to take further action such as reducing its overheads, marketing activity and capital expenditure in order to do so;
- the Company would be able to trade through a continued impact from COVID-19, in advance of the required re-financing of the group in 2023;
- the Company continues to receive support from its immediate parent undertaking and the wider group and the Group continues to receive confirmation that the ultimate controlling party, Ares Management Limited, is willing to support the Group to trade through the impact of the pandemic.

As with any company placing reliance on its investor for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

DIRECTORS

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

M Dennis
W Grout
S Kay
P Storey
S Stylianou
J Warr

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

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).

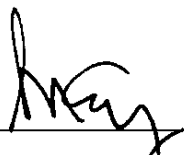
MATTERS COVERED IN THE STRATEGIC REPORT

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

DIVIDENDS

There were no dividends paid in the year (2019: £Nil) and the directors do not recommend payment of a final dividend (2019: £Nil).

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

TMG 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

TMG LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 January 2020

	Note	2020 £'000	2019 £'000
Turnover		556	397
Cost of sales		(1,880)	(1,744)
Gross loss		(1,324)	(1,347)
Administrative expenses		(6,814)	(6,985)
Exceptional items	5	(76)	(1,481)
Operating loss		(8,214)	(9,813)
Income from participating interests		-	100
Loss before interest and taxation		(8,214)	(9,713)
Interest payable and similar expenses	3	(527)	(479)
Loss before taxation	4	(8,741)	(10,192)
Tax on loss	8	2,243	1,946
Loss for the financial year attributable to the equity shareholders of the Company		(6,498)	(8,246)
 Gains arising on revaluation of financial assets		 256	 44
Other comprehensive income		256	44
Total comprehensive loss for the financial year		(6,242)	(8,202)

All amounts relate to continuing operations.

TMG LIMITED
BALANCE SHEET
As at 31 January 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	10	17,176	17,369
Tangible assets	11	440	711
Investments	12	27,657	27,401
		45,273	45,481
Current assets			
Debtors	13	5,304	4,991
Cash at bank and in hand		1	1
		5,305	4,992
Current liabilities			
Creditors: Amounts falling due within one year	14	(58,803)	(52,358)
Net current liabilities		(53,498)	(47,366)
Total assets less current liabilities		(8,225)	(1,885)
Creditors: Amounts falling due after more than one year	15	(15)	(113)
Net liabilities		(8,240)	(1,998)
Capital and reserves			
Called-up share capital	17	500	500
Fair value reserve	17	476	220
Other reserves	17	4,530	4,530
Profit and loss account	17	(13,746)	(7,248)
Total shareholders' deficit		(8,240)	(1,998)

For the financial year ending 31 January 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of TMG Limited (registered number: 05987151) 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

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

	Called-up share capital	Fair value reserve	Other reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 01 February 2019	500	220	4,530	(7,248)	(1,998)
Loss for the financial year	-	-	-	(6,498)	(6,498)
Other comprehensive income	-	256	-	-	256
Total comprehensive loss	-	256	-	(6,498)	(6,242)
At 31 January 2020	500	476	4,530	(13,746)	(8,240)
At 01 February 2018	500	4,706	3	998	6,207
Loss for the financial year	-	-	-	(8,246)	(8,246)
Other comprehensive income	-	44	-	-	44
Total comprehensive loss	-	44	-	(8,246)	(8,202)
Equity settled share based payments	-	-	(3)	-	(3)
Transfer on change of control	-	(4,530)	4,530	-	-
At 31 January 2019	500	220	4,530	(7,248)	(1,998)

TMG 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

TMG 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, modified to include certain items at fair value, 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 TMG 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.

As the consolidated financial statements of Tomahawk Bidco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting values of Paragraph 36(4) of Schedule 1.

TMG 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 loss of £8.2m for the year to 31 January 2020 (2019: £9.8m) and has reported a net liability position as at 31 January 2020.

The directors have prepared base case 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. In preparing those forecasts, the directors have considered the current economic uncertainty, in particular the effects of the COVID-19 pandemic.

The effects of COVID-19 have been severely felt throughout the world in recent months and the future impact on the results of the Company are difficult to predict. In response to the pandemic, operational measures are already 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 pandemic.

The directors continuously review the key risks facing the business and recognise that demand for the Company's services over the next 12 months will continue to be affected to a substantial degree by the COVID-19 pandemic and by macroeconomic factors (including those that might be influenced by Brexit) such as the strength of the UK economy, the availability of loan and re-mortgage products and prevailing interest rates, as well as by the attitude and policies of Government, banks, building societies and large financial institutions towards over-indebted consumers. The directors consider that the current economic outlook presents significant challenges in terms of new business volumes and input costs. Whilst the directors have instituted measures to preserve cash and the Group has secured additional finance, there is uncertainty over future trading results and cash flows. In assessing the going concern basis of preparation, the directors have therefore considered a severe but plausible downside scenario.

This scenario demonstrates that:

- in the event that there is a continued trading impact from COVID-19 over the period and a lessened demand for the Company's services, the Company would still be able to meet its commitments and would be able to take further action such as reducing its overheads, marketing activity and capital expenditure in order to do so;
- the Company would be able to trade through a continued impact from COVID-19, in advance of the required re-financing of the group in 2023;
- the Company continues to receive support from its immediate parent undertaking and the wider group and the Group continues to receive confirmation that the ultimate controlling party, Ares Management Limited, is willing to support the Group to trade through the impact of the pandemic.

As with any company placing reliance on its investor for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The financial statements present information about the Company as an individual undertaking and not about the Group of which it forms part. The Company has not prepared consolidated financial statements as it is exempt from the requirement under Section 400 of the Companies Act 2006.

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

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in the Profit and Loss Account in the period in which they arise.

Turnover

Turnover represents charges made to other Group companies in connection with the staff employed and services provided to support those companies. 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.

Share-based payment

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

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.

TMG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 January 2020

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.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Intangible assets

Intangible fixed assets are held at cost less accumulated amortisation and impairment. Intangible fixed assets are amortised on a straight line basis in the profit and loss account over the useful life of the asset as follows:

Computer development (software) - 5 years

Computer development (banking platform) - 10 years

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life.

TMG 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:

Motor vehicles - 4 years

Office equipment - 4 years

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.

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

Financial instruments

Basic financial instruments comprise debtors, cash and cash equivalents and creditors.

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.

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

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.

Investments

Investments in equity securities held by the Company are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income (in the available for sale reserve). Where it is not possible to determine a reliable estimate of fair value for an equity security, the investment is held at cost.

Investments in subsidiaries are held at cost less any provision for impairment.

Investments in associates are accounted for at cost less impairment.

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.

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.

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

3. Finance costs

	2020	2019
	£'000	£'000
Interest payable and similar expenses	(527)	(479)
	(527)	(479)

Interest payable and similar expenses

	2020	2019
	£'000	£'000
Loans from group undertakings	(512)	(466)
Finance leases and hire purchase contracts	(6)	(6)
Other interest payable and similar expense	(9)	(7)
	(527)	(479)

4. Loss before taxation

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

	2020	2019
	£'000	£'000
Depreciation of tangible fixed assets (note 11)	184	364
Amortisation of intangible assets (note 10)	5,134	5,754
Fees payable to the Group's auditor for the audit of the Group financial statements	6	5
Fees payable to the Group's auditor for taxation services	4	14
Fees payable to the Group's auditor for other taxation services	13	35
Fees payable to the Group's auditor for the audit of subsidiary financial statements	10	4
Hire of plant and machinery	396	403
Gain on disposal of fixed assets	-	(129)

Depreciation of £184,000 (2019: £364,000) consists of depreciation on owned assets of £58,000 (2019: £242,000) and depreciation of assets on hire purchase contracts or finance leases of £126,000 (2019: £122,000).

The Company pays the audit fees on behalf of the following Group subsidiaries: TMG Holdings 2 Limited and TMG Holdings 1 Limited.

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

5. Exceptional items

	2020	2019
	£'000	£'000
Redundancy costs	33	67
Group sale transaction costs	37	1,414
Other non-recurring costs	6	-
	76	1,481

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

Group sale transaction costs are made up of costs incurred as part of the sale of the wider Group during the prior year, including the wind up of entities removed from the structure.

Other costs relate to one-off IT infrastructure costs.

6. Staff number and costs

	2020	2019
	Number	Number
The average monthly number of employees (including directors) was:		
Administration	28	36
	28	36

Their aggregate remuneration comprised:

	2020	2019
	£'000	£'000
Wages and salaries	1,522	1,621
Social security costs	181	376
Other retirement benefit costs	24	30
	1,727	2,027

7. Directors' remuneration

	2020	2019
	£'000	£'000
Emoluments	594	1,854
	594	1,854

The aggregate of emoluments, including benefits in kind, of the highest paid director was £224,921 (2019: £684,525). There were no pension costs paid on behalf of directors during the year. Payment for the services of M Dennis and W Grout are made by another Group company, Milan Bidco Limited.

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

8. Tax on loss

	2020	2019
	£'000	£'000
Current tax on loss		
UK corporation tax	-	-
Adjustment in respect of prior periods	(527)	(846)
Group relief receivable	(936)	(1,106)
Total current tax	(1,463)	(1,952)
Deferred tax		
Origination and reversal of timing differences	(533)	(504)
Adjustment in respect of prior year	(247)	510
Total deferred tax	(780)	6
Total tax on loss	(2,243)	(1,946)

Tax reconciliation

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

	2020	2019
	£'000	£'000
Loss before tax	(8,741)	(10,192)
Tax on loss at standard UK corporation tax rate of 19.00% (2019: 19.00%)	(1,661)	(1,936)
Effects of:		
- Expenses not deductible for tax purposes	7	269
- Income not taxable in determining taxable profit	-	(321)
- Adjustments in respect of prior years	(527)	(846)
- Fixed asset timing differences	122	-
- Adjustment to deferred tax in respect of previous periods	(247)	510
- Adjustment to tax rate on deferred tax	63	-
- Other timing differences	-	378
Total tax credit for year	(2,243)	(1,946)

For details of future tax rate charges, see deferred tax note (note 16).

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

9. Share-Based Payments

Equity-settled share-based payment schemes

TMG Limited established an employee share option scheme that allowed key employees of the Group to acquire shares in the previous ultimate holding company, Milan Topco Limited, in the event that the business is sold.

The fair value of options granted was recognised as an employee expense with a corresponding increase in equity. It was measured at grant date and spread over the period which was expected to pass before employees become unconditionally entitled to the shares.

The value is arrived at using an option pricing model taking into account the terms and conditions upon which the options were granted. No options vested.

Details of the share options outstanding during the financial year are as follows:

	2020		2019	
	Weighted Average		Weighted Average	
	Number of share options	Average exercise price (£)	Number of share options	Average exercise price (£)
Outstanding at beginning of period	-	-	500	1
Expired during the period	-	-	(500)	(1)
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

No options were exercised during the year.

The expense recognised for the year arising from equity settled share based payments is £Nil (2019: a credit of £2,750). There is no potential deferred tax liability (2019: £Nil) arising from the share based payment expense in the year.

During the prior year, the employee share option scheme provided by the Group was removed as a consequence of the change of ownership, with all remaining options lapsing.

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

10. Intangible assets

	Computer software	Total
	£'000	£'000
Cost		
At 01 February 2019	44,078	44,078
Additions	4,818	4,818
Transfer from tangible assets	123	123
At 31 January 2020	49,019	49,019
Accumulated amortisation		
At 01 February 2019	26,709	26,709
Charge for the financial year	5,134	5,134
At 31 January 2020	31,843	31,843
Net book value		
At 31 January 2020	17,176	17,176
At 31 January 2019	17,369	17,369

11. Tangible assets

	Vehicles	Office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost/Valuation				
At 01 February 2019	86	4,942	4,014	9,042
Additions	-	8	28	36
Transfer to intangible assets	-	-	(123)	(123)
At 31 January 2020	86	4,950	3,919	8,955
Accumulated depreciation				
At 01 February 2019	78	4,700	3,553	8,331
Charge for the financial year	2	86	96	184
At 31 January 2020	80	4,786	3,649	8,515
Net book value				
At 31 January 2020	6	164	270	440
At 31 January 2019	8	242	461	711

Assets held under finance leases and hire purchase agreements originally cost £3,091,939 (2019: £3,091,939) and have a net book value of £407,762 (2019: £533,637) at the year end. Depreciation charged for the year on those assets was £125,875 (2019: £121,905).

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

12. Fixed asset investments

	2020	2019
	£'000	£'000
Subsidiary undertakings	22,417	22,417
Investments in associates	4,754	4,754
Other investments	486	230
	27,657	27,401

Investments in subsidiaries

	2020
	£'000
Cost	
At 01 February 2019	22,417
At 31 January 2020	22,417
Carrying value at 31 January 2020	22,417
Carrying value at 31 January 2019	22,417

	Investments in associates	Other investments	Total
	£'000	£'000	£'000
Carrying value before impairment			
At 01 February 2019	4,754	230	4,984
Movement in fair value	-	256	256
At 31 January 2020	4,754	486	5,240
Provisions for impairment			
At 01 February 2019	-	-	-
At 31 January 2020	-	-	-
Carrying value at 31 January 2020	4,754	486	5,240
Carrying value at 31 January 2019	4,754	230	4,984

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

Investments in shares

Name of entity	Nature of business	Class of shares	% of ownership 2020	% of ownership 2019
TMG Holdings 1 Limited*	Holding company	Ordinary	100%	100%
TMG Holdings 2 Limited	Holding company	Ordinary	100%	100%
Gregory Pennington Limited	Provision of debt service	Ordinary	100%	100%
Freeman Jones Limited	Insolvency practice	Ordinary	100%	100%
Intelligent Lending Limited	Arrangement of consumer finance	Ordinary	100%	100%
Credability Limited	Consumer finance intermediary	Ordinary	100%	100%
All About Money Limited	Claims administration	Ordinary	100%	100%
Wilson Andrews Limited	Insolvency practice	Ordinary	100%	100%
Think Money Limited	Personal account services	Ordinary	100%	100%
Think Insure Limited	Insurance intermediary	Ordinary	100%	100%
Think Café Limited	Restaurant / gym for Group staff	Ordinary	100%	100%
Ideal Finance Limited	Consumer finance provider	Ordinary	100%	100%
Ocean Finance Limited	Dormant	Ordinary	100%	100%
Financial Wellness Group Limited	Holding company	Ordinary	100%	100%

- * held directly by TMG Limited.

All of the entities are registered at Think Park, Mosely Road, Trafford Park, Manchester, M17 1FQ

Investments in associates relates to the Company's investment in an unquoted company where the Company holds shares that give it 50% of the economic rights and 24% of the voting rights in the business. The business is run and managed by an independent Board of Directors on a stand-alone basis. In the year ending 28 February 2020 the business reported a profit before tax of £2.5m (2019: £5.0m). The initial cost recognised for the investment is deemed to be the fair value of the investment at the time the Company acquired increased control of the business and started to account for it as an associate undertaking.

Other investments relates to the Group's holding of a redeemable preference share in a captive insurance cell registered in Guernsey that is accounted for as an investment. Given the nature of the business carried out by the cell, the fair value has been deemed equivalent to the net asset value of the cell.

TMG LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
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On 22 September 2020, the cell was novated to another captive insurance cell based in Guernsey, Windward Insurance PCC Limited, and the original cell was closed on 23 September 2020. On 24 September 2020, the Company transferred its ownership of this investment to another Group subsidiary, Financial Wellness Group Limited, at fair value.

The required fair value adjustments to the investments have been recorded in the fair value reserve in equity.

13. Debtors

	2020	2019
	£'000	£'000
Amounts owed by Group undertakings	3,110	3,465
Prepayments	589	701
Deferred tax asset	1,605	825
	5,304	4,991

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

Included in amounts owed by Group undertakings is £3,110,000 (2019: £3,465,000) in respect of group relief.

14. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Bank loans and overdrafts	1,808	1,606
Obligations under finance leases and hire purchase contracts	38	58
Trade creditors	1,675	1,646
Amounts owed to Group undertakings	52,387	48,607
Other taxation and social security	69	72
Accruals	2,826	369
	58,803	52,358

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

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

	2020	2019
	£'000	£'000
Obligations under finance leases and hire purchase contracts	15	113
	15	113

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

Finance leases

	2020	2019
	£'000	£'000
Between two and five years	15	113
	15	113
On demand or within one year	38	58
	53	171

16. Deferred tax

	2020	2019
	£'000	£'000
At the beginning of financial year	825	831
Credited/(charged) to the Profit and Loss Account	780	(6)
At the end of financial year	1,605	825

The deferred taxation balance is made up as follows:

	2020	2019
	£'000	£'000
Accelerated capital allowances	1,445	598
Tax losses carry forward	-	10
Other timing differences	160	217
	1,605	825

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.

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

17. Called-up share capital and reserves

	2020	2019
	£	£
Allotted, called-up and fully-paid		
215,000 Ordinary shares of £1.00 each	215,000	215,000
285,000 A Ordinary shares of £1.00 each	285,000	285,000
	500,000	500,000
Presented as follows:		
Called-up share capital presented as equity	500,000	500,000
	500,000	500,000

The 'A' ordinary shares carry a participating dividend payable in preference to the ordinary shares. In the event of a winding up or other return of capital the surplus assets of the Company, after payment of its liabilities, are available for distribution to 'A' ordinary shareholders for the payment of any dividends accrued or dividend arrears together with amounts equal to the subscription value of those shares, in preference to ordinary shareholders. Any balance after repayment of the ordinary share capital will then be paid to the 'A' ordinary shareholders and ordinary share holders *pari passu*.

In the event of the Company becoming listed each 'A' ordinary share will convert into 1 ordinary share. The shares carry the same voting rights as ordinary shares, except in certain circumstances noted in the Articles when the 'A' ordinary shares shall represent 75% of the voting rights attached to each class of share in the share capital of the Company.

The Company's other reserves are as follows:

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

The fair value reserve represents the fair value adjustments to investments held.

Other reserves represent the cumulative fair value adjustment on investments in associates at the date on which the Company acquired significant influence and the investment was treated as an associate. Other reserves in the prior year also include the share based payment reserve. The share based payments reserve represents the fair value of options granted less equity settlements.

18. Financial commitments

Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£'000	£'000
- within one year	288	397
- between one and five years	-	328
	288	725

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

19. 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.

20. Financial instruments

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. Available for sale financial instruments are held at fair value.

In determining fair value, the Group uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1: the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the assets or liability; either directly or indirectly.
- Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Based on the fair value estimates and judgements detailed in note 2 and the fair value hierarchy above, the directors believe that the fair value of the investment would be categorized as Level 3.

Financial risk management

The business does not suffer significant exposure to market risk, liquidity risk or credit risk.

21. Guarantees

The Company has guaranteed the bank loans of another Group company, Milan Bidco Limited; the total value of bank loans guaranteed by the Company at the year end was £78.4m (2019: £61.6m). Financial guarantees held are valued under FRS 103 Insurance Contracts, and therefore are treated as insurance contracts.

22. Controlling party

The immediate parent company is Milan Bidco 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.