

**REGISTERED NUMBER: 05987151 (England and Wales)**

**Think Money Group Limited**  
**Annual Report and Financial Statements**  
**- for the Year Ended 31 January 2018**

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**Think Money Group Limited**

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for the Year Ended 31 January 2018**

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**Think Money Group Limited**

**Company Information  
for the Year Ended 31 January 2018**

**Directors:**

S Kay  
R Price  
D Slade  
P Storey (appointed 20 September 2017)  
S Stylianou  
J Warr

**Company Secretary:**

R Swann

**Registered Office:**

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

**Registered Number:**

05987151 (England and Wales)

**Auditor:**

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

## **Think Money Group Limited**

### **Strategic Report for the Year Ended 31 January 2018**

The directors present their Strategic Report for the year ended 31 January 2018.

#### **Business Review**

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

The Company's loss after tax for the year was £1.0m (2017: profit of £0.8m). The decrease in profitability during the year is driven by a reduction in turnover compared to the prior year. Turnover fell to £6.0m (2017: £18.9m), whilst operating losses increased to £6.3m (2017: £0.2m).

By the year end a significant number of the Company's staff had been transferred to work directly for relevant subsidiaries within the Group.

During the year, the fair value of the Group's investments were increased by £2.3m (2017: £2.4m) with this adjustment reflected in the available for sale 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.

#### **Future Developments**

Following the transfer of IT staff to relevant subsidiaries within the Group, the Company will not be responsible for developing software and systems for use by those subsidiaries.

Following the year end, the Group entered into an agreement for the intermediate parent company Milan Midco Limited, to sell its interests in Milan Bidco Limited and subsidiaries. Following receipt of FCA approval for the change in control, the transaction will complete on 7 August 2018 (see note 25).

#### **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 Company's IT staff and reported into the Group Risk Committee.

#### **Brexit**

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

#### **Risk Management Framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Group'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.

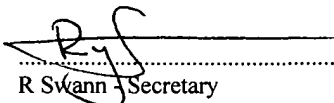
**Think Money Group Limited**

**Strategic Report - continued  
for the Year Ended 31 January 2018**

**Risk Management Framework - continued**

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.

**On behalf of the Board:**

  
.....  
R Swann Secretary

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

Date: 31 July 18 .....

## **Think Money Group Limited**

### **Directors' Report for the Year Ended 31 January 2018**

The directors present their annual report and the audited financial statements for the year ended 31 January 2018.

#### **Principal Activity**

The Company's principal activities are 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.

#### **Dividends**

Interim dividends of £Nil (2017: £1.0m) have been paid in the year. The directors do not recommend payment of a final dividend (2017: £Nil).

#### **Directors**

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

S Kay  
R Price  
D Slade  
P Storey (appointed 20 September 2017)  
S Stylianou  
J Warr

Details of directors' emoluments are set out in note 5 to the financial statements.

#### **Directors' Indemnities**

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

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

See the Strategic Report for future developments, details of the principal risks and uncertainties and financial risk management objectives and policies.

#### **Political Contributions**

The Company made no political contributions in the year (2017: £Nil).

#### **Employees and Employment Policies**

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

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

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

#### **Going Concern**

In considering the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have reviewed the Company's ongoing financial commitments for the next 12 months and beyond. As a result of this review, and the continued support of other Group companies, the directors have satisfied themselves that it is appropriate to prepare these financial statements on a going concern basis.

**Think Money Group Limited**

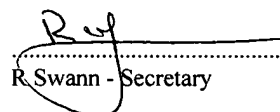
**Directors' Report - continued  
for the Year Ended 31 January 2018**

**Auditor**

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

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

**On behalf of the Board:**

  
.....  
R Swann - Secretary

Think Park  
Mosley Road  
Trafford Park  
Manchester  
M17 1FQ

Date: 31 July 18 .....

## **Think Money Group Limited**

### **Statement of Directors' Responsibilities for the Year Ended 31 January 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the Members of Think Money Group Limited**

### **Opinion**

We have audited the financial statements of Think Money Group Limited ("the Company") for the year ended 31 January 2018 which comprise the Statement of Profit and Loss and Other Comprehensive Income, 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### **Strategic Report and Directors' Report**

The directors are responsible for the strategic report and the 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.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Think Money Group Limited - continued**

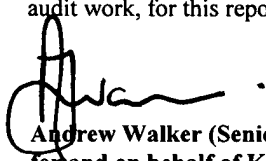
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



**Andrew Walker (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One St Peter's Square

Manchester

M2 3AE

Date: 31 July 2018

**Think Money Group Limited**

**Statement of Profit and Loss and Other Comprehensive Income  
for the Year Ended 31 January 2018**

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	1	6,000	18,883
Cost of sales		(3,516)	(9,053)
<b>Gross Profit</b>		2,484	9,830
Administrative expenses		(8,759)	(10,019)
<b>Operating Loss</b>	3	(6,275)	(189)
Income from shares in group undertakings		2,480	1,150
Income from investments		933	250
Interest payable and similar expenses	6	(30)	(61)
<b>(Loss) / Profit Before Taxation</b>		(2,892)	1,150
Tax on (loss) / profit	7	1,868	(311)
<b>(Loss) / Profit After Taxation</b>		(1,024)	839
<b>Other Comprehensive Income</b>			
Net change in fair value of available for sale financial assets	11	2,282	2,424
<b>Other Comprehensive Income for the year</b>		2,282	2,424
<b>Total Comprehensive Income for the year</b>		1,258	3,263

All activity has arisen from continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

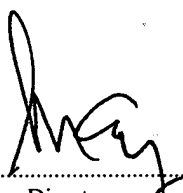
# Think Money Group Limited

## Balance Sheet As at 31 January 2018

	Note	2018 £'000	2017 £'000
<b>Fixed Assets</b>			
Intangible assets	9	22,240	21,940
Tangible assets	10	686	3,283
Investments	11	4,940	2,658
Investment in subsidiaries	12	22,417	22,417
		<u>50,283</u>	<u>50,298</u>
<b>Current Assets</b>			
Debtors	13	3,873	1,515
Deferred tax	18	831	715
		<u>4,704</u>	<u>2,230</u>
<b>Creditors</b>			
Amounts falling due within one year	14	(48,739)	(47,522)
<b>Net Current Liabilities</b>		<u>(44,035)</u>	<u>(45,292)</u>
<b>Total Assets Less Current Liabilities</b>		<u>6,248</u>	<u>5,006</u>
<b>Creditors</b>			
Amounts falling due after more than one year	15	(41)	(44)
<b>Provisions for Liabilities</b>	16	-	(15)
<b>Net Assets</b>		<u>6,207</u>	<u>4,947</u>
<b>Capital And Reserves</b>			
Called up share capital	17	500	500
Share based payments reserve	21	3	1
Available for sale reserve		4,706	2,424
Profit and loss account		998	2,022
<b>Total Equity Shareholder's Funds</b>		<u>6,207</u>	<u>4,947</u>

The notes on pages 12 to 25 form part of these financial statements.

The financial statements of Think Money Group Limited (registered number: 05987151) were approved by the Board of Directors and authorised for issue on 21 July '18. They were signed on its behalf by:

  
.....  
S Kay - Director

**Think Money Group Limited**

**Statement of Changes in Equity  
for the Year Ended 31 January 2018**

	<b>Called up share capital £'000</b>	<b>Share based payments reserve £'000</b>	<b>Available for sale reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 February 2016</b>	500	25	-	2,158	2,683
Total comprehensive income	-	-	2,424	839	3,263
Tax on comprehensive income	-	-	-	-	-
Equity settled share based payments	-	(24)	-	-	(24)
Dividends	-	-	-	(975)	(975)
<b>Balance at 31 January 2017</b>	500	1	2,424	2,022	4,947
Total comprehensive income	-	-	2,282	(1,024)	1,258
Tax on comprehensive income	-	-	-	-	-
Equity settled share based payments	-	2	-	-	2
Dividends	-	-	-	-	-
<b>Balance at 31 January 2018</b>	500	3	4,706	998	6,207

## Think Money Group Limited

### Notes to the Financial Statements for the Year Ended 31 January 2018

#### 1. Accounting Policies

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

The Company, its subsidiaries and its parent undertakings are together referred to as the "Group".

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

#### **Basis of Preparation**

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.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued by the Financial Reporting Council. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Milan Topco Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Milan Topco 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 Swapco 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 Milan Topco 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 Payment*; 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 rules of Paragraph 36(4) of Schedule 1.

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

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

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

#### **Related parties**

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

#### **Going concern**

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

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 1. Accounting Policies - continued

##### **Foreign currency**

Transactions in foreign currency are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities held at the balance sheet date are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences are charged or credited to the profit and loss account.

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

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

##### *Trade and other debtors*

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

##### *Cash and cash equivalents*

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

##### *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**

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.

##### **Equity 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.

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

###### *Recognition and measurement*

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

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

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

###### *Depreciation*

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

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

Motor vehicles	- 4 years
Furniture and equipment	- 4 years
Computer equipment (hardware)	- 4 years

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

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 1. Accounting Policies - continued

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

###### *Leased assets*

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.

##### **Intangible fixed assets**

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. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Software is amortised on a straight line basis in the profit and loss account over the useful life from the date that it is available for use:

Computer development (software)	- 5 years
Computer development (banking platform)	- 10 years

##### **Employee benefits**

###### *Share based payment transactions*

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

###### *Defined contribution plans*

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

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

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

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

A regulatory provision is made by the Company in respect of costs that will be incurred in the course of a regulatory review of debt advice provided to customers. This provision has in turn been charged out to the relevant Group companies involved.



## **Think Money Group Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2018**

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

##### **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.

##### **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 other comprehensive income, in which case it is recognised directly in other comprehensive income.

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.

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

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

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that are considered to be most important to the Company's financial standing are those relating to the valuation of available for sale investments. The fair value of this investment was calculated at the end of the year using a risk adjusted EBITDA multiple. An increase of 5% to this risk adjusted EBITDA multiple would increase the fair value of the investment by £238,000 (2017: £122,500).

The directors do not believe there are any material critical judgements made in applying the accounting policies in these statements.

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 3. Operating Loss

The operating loss is stated after charging:

	2018 £'000	2017 £'000
<i>Depreciation:</i>		
Owned assets	477	2,192
Assets on hire purchase contracts or finance leases	507	613
<i>Amortisation:</i>		
Intangible assets	5,845	3,364
<i>Auditor's remuneration:</i>		
Audit of these financial statements	5	2
Taxation services	2	12
Other tax advisory services	36	19
All other services	55	18
Audit of subsidiary financial statements pursuant to legislation	4	4
Hire of plant and machinery	384	377
Loss on disposal of fixed assets	-	9
	<u>          </u>	<u>          </u>

The Company pays the audit fees on behalf of the following Group subsidiaries; Think Money Holdings Limited and Think Money Holdings 1 Limited.

#### 4. Staff Numbers and Costs

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

	Number of employees	
	2018	2017
Administration	183	355
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	6,496	12,969
Social security costs	690	1,297
Pension contributions	92	158
Share based payments (note 21)	2	(24)
	<u>          </u>	<u>          </u>
	<u>7,280</u>	<u>14,400</u>

#### 5. Remuneration of Directors

	2018 £'000	2017 £'000
Directors' emoluments	686	643
	<u>          </u>	<u>          </u>

The aggregate of emoluments, including benefits in kind, of the highest paid director was £225,529 (2017: £222,129). There were no pension costs paid on behalf of directors during the year. Payment for the services of D Slade is made by another Group company, Milan Bidco Limited.

**Think Money Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 January 2018**

**6. Interest Payable and Similar Expenses**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Other finance costs	5	6
Interest payable on finance leases and hire purchase contracts	25	55
	<u>30</u>	<u>61</u>

**7. Taxation**

a) Analysis of the tax (credit) / charge in year at 19.16% (2017: 20.00%)

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<i>Current tax:</i>		
Adjustment in respect of prior years	(1,228)	199
Group relief (receivable)/payable	(524)	518
Total current tax	<u>(1,752)</u>	<u>717</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(586)	(456)
Effect of change in tax rate	-	15
Adjustment in respect of prior years	470	35
Total deferred tax	<u>(116)</u>	<u>(406)</u>
<b>Tax on (loss)/profit</b>	<u><u>(1,868)</u></u>	<u><u>311</u></u>

b) Factors affecting effective tax (credit) / charge in year

The tax (credit) / charge for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19.16% (2017: 20%). The differences are explained below.

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
(Loss) / Profit before tax	<u>(2,892)</u>	<u>1,150</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.16% (2017: 20%)	(554)	230
<i>Effects of:</i>		
Accelerated capital allowances	-	405
Other timing differences	74	135
Transfer pricing adjustments	6	-
Adjustment in respect of prior years	(1,228)	199
Expenses not deductible for tax purposes	4	3
Adjustment to deferred tax in respect of prior years	470	35
Adjustment for non taxable income	(640)	(696)
<b>Total tax (credit) / charge for the year</b>	<u><u>(1,868)</u></u>	<u><u>311</u></u>

The Company surrenders its losses to other Group subsidiaries.

For details of future tax rate changes, see note 18.

**Think Money Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 January 2018**

**8. Dividends**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<i>Equity dividends:</i>		
Ordinary dividends paid of £Nil per share (2017: £1.95 per share)	-	975
	<u>          </u>	<u>          </u>

**9. Intangible Assets**

	<b>Computer development £ £'000</b>	<b>Total £ £'000</b>
<b>COST</b>		
At 1 February 2017	34,094	34,094
Additions	4,507	4,507
Disposals	(25)	(25)
Reclassifications (note 10)	8,570	8,570
	<u>          </u>	<u>          </u>
At 31 January 2018	47,146	47,146
	<u>          </u>	<u>          </u>
<b>AMORTISATION</b>		
At 1 February 2017	12,154	12,154
Amortisation for year	5,845	5,845
Eliminated on disposal	(17)	(17)
Reclassifications (note 10)	6,924	6,924
	<u>          </u>	<u>          </u>
At 31 January 2018	24,906	24,906
	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>		
At 31 January 2018	<u>22,240</u>	<u>22,240</u>
	<u>          </u>	<u>          </u>
At 31 January 2017	<u>21,940</u>	<u>21,940</u>
	<u>          </u>	<u>          </u>

**Think Money Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 January 2018**

**10. Tangible Assets**

	<b>Motor vehicles £'000</b>	<b>Furniture and equipment £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>COST</b>				
At 1 February 2017	77	7,110	10,081	17,268
Additions	-	7	26	33
Disposals	-	-	(23)	(23)
Reclassifications	-	(2,423)	(6,147)	(8,570)
At 31 January 2018	77	4,694	3,937	8,708
<b>DEPRECIATION</b>				
At 1 February 2017	70	6,076	7,839	13,985
Charge for year	4	599	381	984
Eliminated on disposal	-	-	(23)	(23)
Reclassifications	-	(2,088)	(4,836)	(6,924)
At 31 January 2018	74	4,587	3,361	8,022
<b>NET BOOK VALUE</b>				
At 31 January 2018	3	107	576	686
At 31 January 2017	7	1,034	2,242	3,283

Assets held under finance leases and hire purchase agreements originally cost £2,858,278 (2017: £2,764,810) and have a net book value of £421,881 (2017: £834,968) at the year end. Depreciation charged for the year on those assets was £506,555 (2017: £612,725).

Reclassifications refer to computer development costs in respect of computer software and equipment that have been reclassified as intangible assets during the year.

**11. Investments**

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>FAIR VALUE</b>		
At 1 February 2017	2,658	234
Movement in the year - other comprehensive income	2,282	2,424
At 31 January 2018	4,940	2,658

The Group holds an unquoted investment in a start-up company that was purchased in January 2014. During the year the fair value of this investment has been calculated using a risk adjusted EBITDA multiple. On 14 June 2018, the Company subscribed for an additional 480 A ordinary shares in the same company. As a result, the investment is now considered to be an Associate of the Company and the required equity accounting method will be applied.

The Group holds 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.

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

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 12. Investments in Subsidiaries

	2018 £'000	2017 £'000
<b>COST</b>		
At 1 February 2017 and 31 January 2018	<u>22,417</u>	<u>22,417</u>

All of the subsidiaries set out below are wholly owned, registered in England and Wales at Think Park, Mosley Road, Trafford Park, Manchester, M17 1FQ (unless otherwise stated) and held directly where stated.

Name of subsidiary	Principal activity
Think Money Holdings 1 Limited*	Holding company
Think Money Holdings Limited	Holding company
Gregory Pennington Limited	Provision of debt service
Freeman Jones Limited	Insolvency practice
Intelligent Lending Limited	Arrangement and provision of consumer finance
My Credit Pal Limited	Dormant
All About Money Limited	Claims administration
Wilson Andrews Limited	Insolvency practice
Think Money Limited	Managed personal account services
Think Insure Limited	Insurance intermediary
Think Café Limited	Restaurant and gym for Think Money Group staff
Ideal Finance Limited	Consumer finance provider
Ocean Finance Limited	Dormant
The Debt Advisory Centre Limited	Dormant

\* held directly by Think Money Group Limited

#### 13. Debtors: Amounts Falling Due Within One Year

	2018 £'000	2017 £'000
Prepayments and accrued income	1,550	1,515
Amounts owed by Group undertakings in respect of Group relief	<u>2,323</u>	<u>-</u>
	<u>3,873</u>	<u>1,515</u>

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

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

	2018 £'000	2017 £'000
Bank overdrafts	1,640	1,738
Trade creditors	1,271	2,295
Amounts owed to Group undertakings	45,275	41,872
Amounts owed to Group undertakings in respect of Group relief	-	412
Other taxation and social security	93	434
Accruals and deferred income	394	603
Obligations under finance lease and hire purchase contracts (note 19)	<u>66</u>	<u>168</u>
	<u>48,739</u>	<u>47,522</u>

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

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

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

	2018	2017
	£'000	£'000
Obligations under finance leases and hire purchase contracts (note 19)	41	44

#### 16. Provisions for Liabilities

	Regulatory £'000	Onerous lease £'000	Total £'000
At 1 February 2017	7	8	15
Amount recharged to Group entities	(7)	(8)	(15)
At 31 January 2018	-	-	-

A regulatory provision is made by the Company in respect of costs that will be incurred in the course of a regulatory review of debt advice provided to customers.

An onerous lease provision is held in relation to a property that was vacated in a prior year.

These provisions have in turn been charged out to the relevant Group companies involved.

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

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

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
215,000	Ordinary shares	£1	215	215
285,000	A Ordinary shares	£1	285	285
			500	500

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 shareholders 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 account represents cumulative profits or losses net of dividends paid and other adjustments.

The share based payments reserve represents the fair value of options granted less equity settlements.

The available for sale reserve represents the fair value adjustments to investments held.

**Think Money Group Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 January 2018**

**18. Deferred Tax**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	(715)	(309)
Movement in the year (note 7)	(116)	(406)
	<u>          </u>	<u>          </u>
Closing balance	(831)	(715)
	<u>          </u>	<u>          </u>

Please note that from 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2018) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Any deferred tax at 31 January 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

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

The net deferred taxation position in 2018 and 2017 gives rise to a deferred taxation asset.

The elements of deferred taxation are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	(666)	(713)
Tax losses carried forward	(10)	-
Other timing differences	(155)	(2)
	<u>          </u>	<u>          </u>
	(831)	(715)
	<u>          </u>	<u>          </u>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	66	168
Between two and five years	41	44
	<u>          </u>	<u>          </u>
	107	212
	<u>          </u>	<u>          </u>

**20. Operating Lease Commitments**

At 31 January 2018 the Company had commitments under non-cancellable operating leases which expire as set out below:

	<b>Plant and equipment</b>	<b>Plant and equipment</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	377	377
Between two and five years	685	1,054
	<u>          </u>	<u>          </u>
	1,062	1,431
	<u>          </u>	<u>          </u>



## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 21. Share Based Payments

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

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. It is measured at grant date and spread over the period which is 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 have yet vested.

The terms and conditions of options granted are as follows:

Grant Date	Employees	Granted By	Accounting Method	No. of Options	Vesting Conditions	Expiry Date
9 December 2009	Key Staff	Think Money Group Limited	Equity	1,500	Sale or listing of the business	7 December 2019
11 July 2014	Key Staff	Think Money Group Limited	Equity	6,000	Sale or listing of the business	11 July 2024

The number and weighted average exercise price of share options is as follows:

	Exercise Price		Number of Options	
	2018 £	2017 £	2018 No.	2017 No.
Brought forward	1	1	500	7,000
Lapsed in year	-	(1)	-	(6,500)
Outstanding at year end	1	1	500	500
Exercisable at year end	-	-	-	-

No options were exercised during the year. The options outstanding at the year end have an exercise price of £1 and a weighted average contractual life of 3 years.

The expense recognised for the year arising from equity settled share based payments is £2,000 (2017: £24,000 credit). There is no potential deferred tax liability (2017: £Nil) arising from the share based payment expense in the year.

(i) December 2009 issue	31 January 2018	31 January 2017
Exercise price	£1.00	£1.00
Expected volatility	50%	50%
Expected dividend yield	0%	0%
Risk free interest rate	2%	2%
Expected option life to exercise	4 Years	4 Years
Fair value per option	£8.40	£8.40

## Think Money Group Limited

### Notes to the Financial Statements - continued for the Year Ended 31 January 2018

#### 21. Share Based Payments - continued

##### (ii) July 2014 issue

	31 January 2018	31 January 2017
Exercise price	-	-
Expected volatility	-	-
Expected dividend yield	-	-
Risk free interest rate	-	-
Expected option life to exercise	-	-
Fair value per option	-	-

The expected life of the options is based on the Directors' review of market conditions and their expectations regarding a future sale of the business. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not be the case. The expected volatility used in calculations is the average of historical volatilities for a range of similar companies where data is available. As the Company is a private company and its shares are not quoted on any recognised Stock Exchange, no reference price exists for the share price at the date of exercise of the options.

During the 2017 year end, certain employee share options provided by Think Money Group Limited were removed. Option holders were required to surrender their right to share options, which duly lapsed upon renunciation, in exchange for shares in the ultimate parent company, Milan Topco Limited.

At the end of the year, one individual who was party to the original share option scheme but is no longer employed by the Company, retained their rights to share options as per the agreed terms of the original scheme.

#### 22. 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 £37.3m (2016: £27.8m).

Financial guarantees held within the Group are valued under FRS 103, and therefore are treated as insurance contracts.

#### 23. 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.

## **Think Money Group Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 January 2018**

#### **24. Ultimate Parent Company**

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

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

#### **25. Post Balance Sheet Events**

Following the year end, the Group entered into an agreement for Milan Midco Limited, an intermediate parent company, to sell its interests in the subsidiary Milan Bidco Limited along with all other subsidiaries. Following receipt of FCA approval for the change in control, the transaction will complete on 7 August 2018. From this date, the ultimate controlling company will be Tomahawk Bidco Limited, a company incorporated and registered in Jersey. The ultimate controlling party will be Ares Management Limited on behalf of funds managed by that company.