

EVOLUTION MONEY LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2015

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**EVOLUTION MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS 2015**

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EVOLUTION MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Beaver
S Brilus
R Russel-Fisher
K Turtill (Appointed 22nd Feb 2016)

REGISTERED OFFICE

8 St John Street
Manchester
M3 4DU

BANKERS

Royal Bank of Scotland PLC
280 Bishopgate
London
EC2M 4RB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

EVOLUTION MONEY LIMITED

STRATEGIC REPORT CONTINUED

BUSINESS REVIEW

The audited financial statements for the year ended 31 December 2015 are set out on pages 7 to 15.

The principal activity of the Company is the provision of administrative and marketing services to its fellow subsidiary Evolution Lending Limited, a company which provides secured personal loans to customers who do not have access to high street credit. Consumer confidence has gathered strength during the year, reporting the highest level of growth in consumer finance since 2006, and therefore there is a growing opportunity to offer appropriate lending solutions to customers requiring loans but who are unable to access credit either due to problematic historical credit records or insufficient equity. The Company is well placed thanks to its access to capital, development of broker relationships and investment in operational resources to serve this segment of the market.

The Company generated turnover of £8.8m (2014: £6.7m) and earned operating profit of £327,513 (2014: £80,913 profit)

The Company has always been committed to the adherence to best practice and during 2015 the Group continued to review its operating procedures and structures to ensure that it meets the high standards required by the Financial Conduct Authority ("FCA").

The Company received all necessary full authorisation from the FCA under regulated mortgage contract permissions on the 21st March 2016.

KEY PERFORMANCE INDICATORS

The business is committed to providing high levels of customer service and during the year the Company was awarded Best Secured Lender at the Financial Reporter Awards and has consistently achieved in excess of 90% in customer satisfaction ratings.

PRINCIPAL RISKS & UNCERTAINTIES

The Company's financial instruments, other than short term debtors and creditors, comprise cash balances. The Company does not trade in financial instruments nor does it enter into any derivative transactions.

The main risks to the Company and the policies adopted by the directors to minimise their effects on the Company, are as follows:

Cash flow and liquidity risk

The Company's income is derived solely from servicing fees charged to Evolution Lending Limited. The cash flow and liquidity risk are managed by the Company's treasury function.

The Directors regularly monitor the working capital requirements of the Company

Regulatory and taxation risk

In the forthcoming year the Directors expect the level of regulation to increase, particularly in relation to regulatory responsibility moving to the FCA.

The Directors constantly monitor the external environment and adapt business practice to ensure that such risks are effectively managed, and that business practice remains fully compliant with all relevant laws and regulations.

The accounts reflect the effective rate of taxation in the current year based on laws enacted or substantially enacted at the balance sheet date. The Directors do not envisage that tax regulation will materially change in the forthcoming year.

· EVOLUTION MONEY LIMITED

· STRATEGIC REPORT CONTINUED

SOCIAL RESPONSIBILITY

The Company has considered its activities and their impact in all respects. The Company is committed to ensuring that it delivers value to its customers in a way that is both socially and environmentally acceptable and sustainable. The Company similarly has a socially responsible approach to employment policies with family-friendly working being introduced wherever possible. It is the Company's policy to consider all employment applications, and to provide access to training, and offer career development and promotion opportunities to employees.

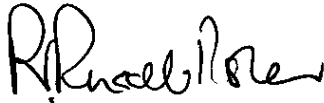
FUTURE DEVELOPMENTS

The Directors expect that new lending activity will grow over the forthcoming year and therefore the administrative and marketing services of Company will continue to be required.

The Company will seek to invest in technologies which will improve process efficiency for both consumers and the business.

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

gth July 2016



R Russel-Fisher
Director
8 St John Street
Manchester
M3 4DU

EVOLUTION MONEY LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and the auditor's report, for the year ended 31 December 2015. No significant events since the balance sheet date have occurred up to the date of issuing this report. An indication of likely future developments in the business as well as the principal risks facing the Company are included within the Strategic Report.

DIRECTORS

The Directors who served during the year under review and thereafter were:

M Beaver
S Brilus
R Russel-Fisher
K Turtill (appointed 22nd February 2016)

DIRECTORS' INDEMNITIES

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

GOING CONCERN

The details of the borrowing facilities of the Company's fellow subsidiary, Evolution Lending Limited, are detailed in the financial statements of that company. Evolution Lending Limited has a policy of continually reviewing its current and future borrowing requirements. The Directors have a reasonable expectation that these facilities will continue to be secured for the foreseeable future and have therefore adopted a going concern basis in preparing the financial statements.

DIVIDENDS

The Company did not pay a dividend during the financial year (2014: nil).


AUDITOR

A resolution for the reappointment of the auditor will be proposed at the next Annual General Meeting.

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

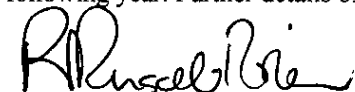
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on  July 2016

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of certain disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Further details of reduced disclosures can be found in note 1.



R Russel-Fisher
Director
8 St John Street
Manchester M3 4DU

· EVOLUTION MONEY LIMITED

· DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVOLUTION MONEY LIMITED

We have audited the financial statements of Evolution Money Limited for the year ended 31 December 2013¹⁵ which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

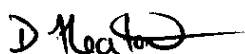
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



David Heaton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

8 July 2016

EVOLUTION MONEY LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2015

		Year ended 31 December 2015 £	Year ended 31 December 2014 £
	Note		
TURNOVER	1	8,826,538	6,702,332
Administrative expenses		(8,499,025)	(6,621,419)
OPERATING PROFIT		<u>327,513</u>	<u>80,913</u>
PROFIT ORDINARY ACTIVITIES BEFORE TAXATION	4	327,513	80,913
Tax on profit on ordinary activities	5	(90,807)	(38,693)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY SHAREHOLDERS		<u>236,706</u>	<u>42,220</u>

There are no recognised gains and losses for the current or preceding financial year, other than as stated above. Therefore, no statement of total other comprehensive income and losses has been presented.

The accompanying notes are an integral part of these financial statements.

· EVOLUTION MONEY LIMITED

BALANCE SHEET As at 31 December 2015

	Note	31 December 2015 £	31 December 2014 £
FIXED ASSETS			
Tangible assets	6	399,901	159,779
CURRENT ASSETS			
Debtors	7	1,908,247	1,163,946
Cash at bank and in hand		15,185	1,061
		1,923,432	1,165,007
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,874,190)	(1,161,957)
NET CURRENT ASSETS		49,242	3,050
TOTAL ASSETS LESS CURRENT LIABILITIES		449,143	162,829
PROVISION FOR LIABILITIES & CHARGES	9	(72,766)	(23,158)
NET ASSETS		376,377	139,671
FINANCED BY:			
Called up share capital	11	10	10
Profit and loss account		376,367	139,661
CAPITAL EMPLOYED		376,377	139,671

Company registration number: 6987852

These financial statements were approved by the Board of Directors on 8 July 2016

Signed on behalf of the Board of Directors



R Russel-Fisher
Director

The accompanying notes are an integral part of these financial statements.

• **EVOLUTION MONEY LIMITED**

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Share Capital £	Profit and Loss £	Total £
Balance at 1st January 2014	10	97,441	97,551
Changes in equity			
Profit for the financial year	-	42,220	42,220
Balance at 31st December 2014	10	139,661	139,671
Changes in equity			
Profit for the financial year	-	236,706	236,706
Balance at 31st December 2015	10	376,367	376,377

• EVOLUTION MONEY LIMITED

• NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the current and preceding year are set out below:

Accounting convention

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The prior year financial statements were examined for material adjustments on the adoption of FRS 102 and no material adjustments were identified.

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Darwin Loan Solutions Limited. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

As outlined in the Director's Report, these financial statements have been prepared on a going concern basis. The Company receives the continuing support of its shareholders, and the Directors have a reasonable expectation that facilities will continue to be secured for the foreseeable future and have therefore adopted a going concern basis in preparing the financial statements.

Turnover

Turnover represent fees charged to its fellow subsidiary Evolution Lending Limited in respect of packaging and servicing its loan book.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset (less estimated residual value) on a straight line basis over its expected useful life, as follows:

Fixtures and fittings	5 years straight line
Computer equipment & software	3 years straight line

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax. Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

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

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2015

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No critical judgements and estimation uncertainties have been made in the process of applying the Company's accounting policies that would have a significant effect on the amounts recognised in the financial statements.

3. STAFF COSTS

The cost of staff employed by the Company during the year was as follows:

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Wages and salaries	3,610,400	2,916,713
Social security costs	295,269	216,234
	<u>3,905,669</u>	<u>3,132,947</u>

The average monthly number of persons employed by the Company including Directors during the year was as follows:

	Year Ended 31 December 2015 Number	Year Ended 31 December 2014 Number
Administrative staff	<u>100</u>	<u>80</u>

Directors' emoluments for the year of employment by the Company were as follows:

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Directors' emoluments	<u>443,019</u>	<u>346,145</u>

• EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

3. STAFF COSTS (CONTINUED)

The emoluments of the highest paid director were as follows:

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Directors' emoluments	252,759	238,645

Certain Director's remuneration is borne by a related party and recharged.

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Operating lease rentals:		
Land and buildings	211,026	100,595
Other	6,146	3,609
Depreciation – owned assets	187,907	96,674
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40,200	31,200
Non-audit fees payable to the Company's auditor	-	-

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Current tax:		
UK Corporation Tax	42,389	37,377
Adjustment in respect of prior periods	(1,190)	(25,884)
Total current tax	41,199	11,493
Deferred taxation (note 9)	49,608	27,200
Tax on profit on ordinary activities	90,807	38,693

Factors affecting the tax charge

The tax assessed for the year is different than the standard rate of Corporation Tax in the UK. The difference is explained below:

• **EVOLUTION MONEY LIMITED**

• **NOTES TO THE FINANCIAL STATEMENTS (continued)**
Year ended 31 December 2015

5. TAXATION (CONTINUED)

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
Profit on ordinary activities before tax	<u>327,513</u>	<u>80,913</u>
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 20.25% (2014: 21.49%)	66,321	17,388
Effects of:		
Expenses not deductible for tax purposes	26,299	25,187
Adjustment in respect of prior years	(1,190)	(25,885)
Impact of change in rates	(623)	(1,271)
Capital allowances greater than depreciation	<u>(49,608)</u>	<u>(3,926)</u>
Total tax charge for the period	<u>41,199</u>	<u>11,493</u>

The Finance Act 2013 which was substantively enacted in July 2013, included provisions to reduce the rate of UK corporation tax to 20% with effect from 1 April 2015. Deferred taxation is measured at the tax rates that are expected to apply in the periods in which the temporary timing differences are expected to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

6. TANGIBLE FIXED ASSETS

The movement in the year was as follows:

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
At 1 January 2015	277,241	58,138	335,379
Additions	<u>98,953</u>	<u>329,076</u>	<u>428,029</u>
At 31 December 2015	<u>376,194</u>	<u>387,214</u>	<u>763,408</u>
Depreciation			
At 1 January 2015	157,003	18,597	175,600
Charge for the year	<u>90,202</u>	<u>97,705</u>	<u>187,907</u>
At 31 December 2015	<u>247,205</u>	<u>116,302</u>	<u>363,507</u>
Net book value			
At 31 December 2015	<u>128,989</u>	<u>270,912</u>	<u>399,901</u>
At 31 December 2014	<u>120,238</u>	<u>39,541</u>	<u>159,779</u>

7. DEBTORS

	31 December 2015 £	31 December 2014 £
Amounts receivable from fellow subsidiary	1,717,076	1,081,831
Prepayments & accrued income	<u>191,171</u>	<u>82,115</u>
	<u>1,908,247</u>	<u>1,163,946</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2015

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2015 £	31 December 2014 £
Trade creditors	216,798	260,859
Other taxes and social security	235,658	137,724
Corporation tax	42,390	37,377
Accruals and deferred income	1,379,344	725,997
	<u>1,874,190</u>	<u>1,161,957</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	31 December 2015 £	31 December 2014 £
Deferred Tax Liability		
Deferred tax liability:		
Capital allowances in excess of depreciation	(72,766)	(23,158)
	<u>(23,158)</u>	<u>4,042</u>
Balance brought forward	(49,608)	(27,200)
Movement in provision (note 5)		
Balance carried forward	<u>(72,766)</u>	<u>(23,158)</u>

CONTINGENT LIABILITIES

The Company is party to cross guarantee agreements with its Parent Company and fellow subsidiary undertakings in respect of secured loans made to a fellow subsidiary company. As at 31 December 2015 the balance on the secured loan was £26,957,451 (2014: £19,755,934). This loan is secured on a fixed and floating charge over the assets of the Group.

10. OPERATING LEASE COMMITMENTS

The following annual payments are committed to be paid under operating leases:

	Land and buildings		Other	
Expiry date	2015 £	2014 £	2015 £	2014 £
Within one year	200,822	9,000	8,858	10,000
After one year	613,674	-	6,293	-
	<u>814,496</u>	<u>9,000</u>	<u>15,151</u>	<u>10,000</u>
Total future payments				

• **EVOLUTION MONEY LIMITED**

• **NOTES TO THE FINANCIAL STATEMENTS (continued)**
Year ended 31 December 2015

11. CALLED UP SHARE CAPITAL

	31 December 2015	31 December 2014
	£	£
Allotted and called up:		
10 ordinary share of £1 each	10	10
	<u>10</u>	<u>10</u>

ULTIMATE CONTROLLING PARTY

The Company is a 100% subsidiary of Darwin Loan Solutions Limited, a company under the control of T J O'Neill. The Company's results are included in the consolidated group accounts of Darwin Loan Solutions Limited which are available to the public from Companies House, Crown Way, Cardiff. The Company has not disclosed those balances arising from transactions with Darwin Loan Solutions Limited or its fellow 100% owned subsidiaries.

The shareholders of the parent undertaking, Darwin Loan Solutions Limited, TJ O'Neill and P Nicholson, each received a salary of £15,000 during the year from the Company.



Companies House

COMPANY NAME: EVOLUTION MONEY LIMITED

COMPANY NUMBER: 06987852

A page containing unnecessary material at the back of the annual accounts was administratively removed on 15/06/17.