

Company Registration No. 6987852

EVOLUTION MONEY LIMITED
Annual Report and Financial Statements
For the period ended 31 March 2020



EVOLUTION MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS

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EVOLUTION MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Montgomery
S Brilus
K Turtill
R Russel-Fisher

REGISTERED OFFICE

9 Portland Street
Manchester
M1 3BE

BANKERS

NatWest PLC
250 Bishopsgate
London
EC2M 4AA

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF
United Kingdom

EVOLUTION MONEY LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The audited financial statements for the period ended 31 March 2020 are set out on pages 10 to 18.

The change in the financial period end, from December to March means these accounts represent a 15 month period which is comparable to a 12 month period for 2018.

The principal activity of the Company is the provision of administrative and marketing services to its fellow subsidiaries Evolution Lending Limited and Progressive Money Limited, companies which provide secured and unsecured personal loans to customers who are resident in the UK and do not have access to high street credit. There is a continuing opportunity for Evolution Lending Limited 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. Evolution Lending Limited is well placed to serve these segments of the market thanks to its access to capital, ongoing development of broker relationships and other marketing channels, and investment in operational resources. In May 2019 Progressive Money Limited exited the unsecured personal loan market and the loan book is now in run-off. The Company continues to provide services to Progressive Money as the portfolio is in run-off.

The business is committed to providing high levels of customer service which has been acknowledged through receipt of the Feefo Gold Service awards for delivering exceptional customer service. The Company has consistently achieved in excess of 90% in customer satisfaction ratings.

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

Due to the COVID-19 pandemic, the UK Government imposed a nationwide lockdown on the 23rd March 2020. The Group quickly adapted and homeworking was established for 100% of the workforce.

The Government subsequently introduced a number of financial support schemes to help individuals that had been directly or indirectly impacted by COVID-19. The activities of the Group are regulated by the Financial Conduct Authority ("FCA") which introduced guidance requiring firms to offer payment deferrals of up to 6 months to those individual customers requiring financial forbearance as a result of COVID-19.

Due to the close proximity of lockdown to the period ending 31 March 2020, the reported results remain broadly in line with expectations. No adjustments were deemed to be required for the Company as a result of this subsequent event.

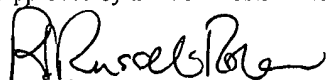
RESULTS

The Company generated turnover of £14.06m (2018: £9.95m) and reported an operating profit of £927,361 (2018: £-61,657).

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.

Approved by the Board of Directors and signed on behalf of the Board on 28 September 2020.



R Russel-Fisher
Director
9 Portland Street
Manchester
M1 3BE

EVOLUTION MONEY LIMITED

DIRECTOR'S REPORT

DIRECTORS

The Directors who served during the year, and to the date of this report are set out below:

M Montgomery
S Brilus
K Turtill
R Russel-Fisher

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 period ended 31 March 2020. 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' INDEMNITIES

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

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 and Progressive Money 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

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.

Brexit risk

The UK's EU referendum on 23 June 2016 resulted in a decision to leave the EU (Brexit) and the UK withdrew on 31st January 2020.

Brexit has led to instability in the UK economy and capital markets, however, there has not been any significant impact on the Company to date.

Potential consequences for the Company would most likely be in the event of a macroeconomic downturn, including the possibility of higher unemployment and increased living costs.

EVOLUTION MONEY LIMITED

DIRECTOR'S REPORT (CONTINUED)

COVID-19 Risk

The COVID-19 global pandemic and the UK government's subsequent lockdown and evolving response to the pandemic resulted in a temporary pause in new business activity in Evolution Lending Limited. Throughout this period the Company utilised the Job Retention Scheme to protect jobs and support working capital.

The economic uncertainty has resulted in a short term reduction in originations, however, the business anticipates an increase in the levels of demand in the event that high street lenders begin to tighten underwriting criteria. The subsidiary, Evolution Lending Limited, has strong access to capital and a unique underwriting process, and is therefore well positioned to continue offering solutions to those customers who cannot access high street credit.

GOING CONCERN

The Company exists solely to provide administrative and marketing services to its fellow subsidiaries within the Group, therefore the going concern assumption for the Company is dependent on the Group's ability to continue as a going concern. As a result the Directors going concern assessment for the company has been performed on a Group basis.

Having considered the impact of the factors outlined below, including cash flow and liquidity requirements of the Company, and the company's forecasts, the Directors expect that the business will continue for a period of at least twelve months from the date of approval of the financial statements and the Company will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

- £6.4m of Group cash balances as at 31 July 2020
- Committed debt facilities through to July 2022
- Significant levels of headroom across both Senior and Mezzanine facilities
- Modified facilities to allow for those customers in payment holidays
- Strong collections from customers exiting payment holidays and also those customers that have not been affected by COVID-19
- Less than 10% of the book remain in a payment holiday as of 31 July 2020
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses whilst continuing to originate
- The ability to maintain 100% business as usual functionality in the event another lockdown is imposed

POST BALANCE SHEET EVENTS

The COVID-19 lockdown represents a pre-balance sheet event as this was imposed prior to the period ending 31 March 2020. However, as the lockdown period continued throughout April and May 2020, the impact of COVID-19 is considered to be an adjusting event and therefore the results reflect the post balance sheet impact.

FUTURE DEVELOPMENTS

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

The directors have adjusted new business forecasts to reflect a more cautious exit from the lockdown period. The company observes a good level of opportunity in a benign economic environment, however, the directors now anticipate a significant increase in lending opportunities due to the current economic instability, linked with the Company's unique underwriting methodology.

EVOLUTION MONEY LIMITED

DIRECTOR'S REPORT (CONTINUED)

FUTURE DEVELOPMENTS (CONTINUED)

The Company has strong levels of liquidity, supportive funding partners, a scalable platform and diversified routes to market, and is therefore very well positioned in the marketplace to capitalise on any new business opportunities.

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

DIVIDENDS

The Company did not pay a dividend during the financial period (prior period: nil), and no dividends are currently proposed.

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.

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 intends 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.

Approved by the Board of Directors and signed on behalf of the Board on 28 September 2020.



R Russel-Fisher
Director
9 Portland Street
Manchester
M1 3BE

EVOLUTION MONEY LIMITED

DIRECTOR'S 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.

EVOLUTION MONEY LIMITED

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements of Evolution Money Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

EVOLUTION MONEY LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

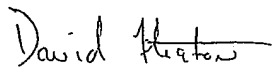
We have nothing to report in respect of these matters.

EVOLUTION MONEY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVOLUTION MONEY
LIMITED (CONTINUED)**

Use of our report

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.



David Heaton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
28th September 2020

EVOLUTION MONEY LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 March 2020

		15 Month Period to 31st Mar 2020	12 Month Period to 31st Dec 2018
	Note	£	£
TURNOVER	1	14,057,600	9,952,687
Administrative expenses		(13,130,239)	(9,891,030)
OPERATING PROFIT		<u>927,361</u>	<u>61,657</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>927,361</u>	<u>61,657</u>
Tax due on profit on ordinary activities	5	(292,270)	(43,229)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		<u><u>635,091</u></u>	<u><u>18,428</u></u>

All results are derived from continuing operations.

There are no recognised gains and losses for the current or preceding financial year, other than as stated above.

There is no other comprehensive income for the current or preceding financial year, as such no statement of other comprehensive income has been presented.

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

EVOLUTION MONEY LIMITED

BALANCE SHEET


Period ended 31 March 2020

	Note	31 Mar 2020 £	31 Dec 2019 £
FIXED ASSETS			
Tangible assets	6	362,269	192,820
Intangible assets	6	<u>650</u>	<u>650</u>
		362,919	193,470
CURRENT ASSETS			
Debtors	7	2,655,092	2,363,777
Cash at bank and in hand		<u>143,781</u>	<u>10,777</u>
		2,798,873	2,374,554
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(2,187,018)</u>	<u>(2,245,880)</u>
NET CURRENT ASSETS		<u>611,855</u>	<u>128,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		974,774	322,144
PROVISION FOR LIABILITIES & CHARGES	9	<u>(50,519)</u>	<u>(32,980)</u>
NET ASSETS		<u><u>924,255</u></u>	<u><u>289,164</u></u>
FINANCED BY:			
Called up share capital	12	10	10
Profit and loss account		<u>924,245</u>	<u>289,154</u>
CAPITAL EMPLOYED		<u><u>924,255</u></u>	<u><u>289,164</u></u>

Company registration number: 6987852

These financial statements were approved by the Board of Directors on 28 September 2020.

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****Period ended 31 March 2020**

	Share Capital £	Profit and Loss £	Total £
Balance at 31 December 2017	10	270,726	270,736
Changes in equity			
Profit for the financial year	-	18,428	18,428
Balance at 31 December 2018	10	289,154	289,164
Changes in equity			
Profit for the financial year	-	635,091	635,091
Balance at 31 March 2020	10	924,245	924,255

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2020

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

Evolution Money Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. 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 page 2.

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 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 and related party 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

The Company exists solely to provide administrative and marketing services to its fellow subsidiaries within the Group, therefore the going concern assumption for the company is interlinked with that of the Group. As a result the ability of the company to continue as a going concern is dependent upon the ability of the Group to continue to make funds available.

As at 31 March 2020 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

- £6.4m of Group cash balances as at 31 July 2020
- Committed debt facilities through to July 2022
- Significant levels of headroom across both Senior and Mezzanine facilities
- Modified facilities to allow for those customers in payment holidays
- Strong collections from customers exiting payment holidays and also those customers that have not been affected by COVID-19
- Less than 10% of the book remain in a payment holiday as of 31 July 2020
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses whilst continuing to originate
- The ability to maintain 100% business as usual functionality in the event another lockdown is imposed

Having considered the impact of the points detailed above, including cash flow and liquidity requirements of the company, and the company's forecasts, the directors expect that the business will continue for a period of at least twelve months from the date of approval of the financial statements and the Company will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

Turnover

Turnover represents fees charged to its fellow subsidiaries Evolution Lending Limited and Progressive Money Limited in respect of packaging and servicing the loan books.

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed assets are measured at historical 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:

Fixture and Fittings	5 years straight line
Computer equipment & software	3 years straight line

Intangible fixed assets

Intangible fixed assets are in relation to intellectual property which are measured at historical cost. These assets are assessed annually for signs of impairment and revalued accordingly.

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 Directors consider 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.

Pensions

The Company operates a defined contribution retirement benefit scheme for all qualifying employees.

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 accounting judgements or estimates 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:

	15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	£	£
Wages and salaries	6,623,938	5,978,002
Social security costs	698,996	616,496
Pension	358,234	244,561
	<u>7,681,168</u>	<u>6,839,059</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

3. STAFF COSTS (CONTINUED)

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

	15 Month Period to 31 Mar 2020 Number	12 Month Period to 31 Dec 2018 Number
Administrative staff	<u>143</u>	<u>169</u>

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

	15 Month Period to 31 Mar 2020 £	12 Month Period to 31 Dec 2018 £
Directors' emoluments	<u>1,347,238</u>	<u>975,498</u>

The emoluments of the highest paid director were as follows:

	15 Month Period to 31 Mar 2020 £	12 Month Period to 31 Dec 2018 £
Directors' emoluments	<u>529,496</u>	<u>366,034</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	15 Month Period to 31 Mar 2020 £	12 Month Period to 31 Dec 2018 £
Operating lease rentals:		
Land and buildings	199,623	199,623
Other	10,000	10,000
Depreciation – owned assets	288,415	166,467
Fees payable to the Company's auditor for the audit of the Company and the Group	74,400	62,400
Non-audit fees payable to the Company's auditor	<u>-</u>	<u>-</u>

5. TAXATION

Analysis of the tax charge

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

	15 Month Period to 31 Mar 2020 £	12 Month Period to 31 Dec 2018 £
Current tax due on profit on ordinary activities:		
UK corporation tax due	276,862	43,395
Adjustment in respect of prior periods	<u>(2,131)</u>	<u>2,962</u>
Total current tax due	274,731	46,357
Deferred taxation (note 9)	<u>17,539</u>	<u>(3,128)</u>
Tax on profit on ordinary activities	<u>292,270</u>	<u>43,229</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

5. TAXATION (CONTINUED)

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:

	15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	£	£
Profit on ordinary activities before tax	<u>927,361</u>	<u>61,657</u>
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 19% (to 31 Dec 2018: 19%)	176,199	11,715
Effects of:		
Expenses not deductible for tax purposes	150,569	27,380
Research And Development	(62,685)	-
Prior year adjustment	(2,131)	2,962
Impact of change in rates	-	1,172
Capital allowances greater than depreciation	12,779	3,128
Deferred taxation	<u>17,539</u>	<u>(3,128)</u>
Total tax charge for the period	<u>292,270</u>	<u>43,229</u>

The Finance Act 2013 which was substantively enacted in July 2013, included provisions to amend the rate of Corporation Tax rate to 19% for the years starting the 1 April 2017. The corporation tax rate remained at 19% for 2019 and will be maintained at 19%, rather than reducing it to 17% from 1 April 2020. 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 AND INTANGIBLE FIXED ASSETS

The £650 intangible asset balance relates to intellectual property.

The movement in the year was as follows:

	Computer Equipment £	Fixtures & fittings £	Total £
Cost			
At 01 January 2019	668,400	448,584	1,116,984
Additions	<u>439,060</u>	<u>18,804</u>	<u>457,864</u>
At 31 March 2020	<u>1,107,460</u>	<u>467,388</u>	<u>1,574,848</u>
Depreciation			
At 01 January 2019	521,183	402,981	924,164
Charge for the year	<u>260,603</u>	<u>27,812</u>	<u>288,415</u>
At 31 March 2020	<u>781,786</u>	<u>430,793</u>	<u>1,212,579</u>
Net book value			
At 31 March 2020	<u>325,674</u>	<u>36,595</u>	<u>362,269</u>
At 31 December 2018	<u>147,217</u>	<u>45,603</u>	<u>192,820</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

7. DEBTORS

	31 Mar 2020	31 Dec 2018
	£	£
Amounts receivable from fellow subsidiary	2,441,929	2,193,390
Prepayments & accrued income	213,163	170,387
	<u>2,655,092</u>	<u>2,363,777</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Mar 2020	31 Dec 2018
	£	£
Trade creditors	244,594	258,701
Other taxes	336,903	299,067
Social Security	315,659	178,216
Corporation tax	339,547	43,395
Accruals and deferred income	950,315	1,466,501
	<u>2,187,018</u>	<u>2,245,880</u>

9. PROVISION FOR LIABILITIES AND CHARGES

	31 Mar 2020	31 Dec 2018
	£	£
Deferred Tax Liability		
Deferred tax liability:		
Capital allowances in excess of depreciation	<u>(50,519)</u>	<u>(32,980)</u>
Balance brought forward	(32,980)	(36,108)
Movement in provision (note 5)	<u>(17,539)</u>	<u>3,128</u>
Balance carried forward	<u>(50,519)</u>	<u>(32,980)</u>

10. 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 March 2020 the balance on the secured loan was £96,196,056 (31 Dec 2018: £84,983,309). This loan is secured on a fixed and floating charge over the assets of the Group.

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

11. OPERATING LEASE COMMITMENTS

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

	31 Mar 2020	31 Mar 2020	31 Dec 2018	31 Dec 2018
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Company				
- within one year	58,005	7,500	199,623	10,000
- between one and five years	-	-	58,005	7,500
	<u>58,005</u>	<u>7,500</u>	<u>257,628</u>	<u>17,500</u>

12. CALLED UP SHARE CAPITAL

	31 Mar 2020	31 Dec 2018
	£	£
Allotted and called up:		
10 ordinary shares of £1 each	<u>10</u>	<u>10</u>

13. 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 Evolution 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.

14. SUBSEQUENT EVENTS

COVID-19 is considered to be an adjusting event as the UK lockdown was imposed within the financial reporting period ending 31 March 2020. The key consideration for the subsidiaries is the estimation of appropriate impairment provisioning levels under the FRS102 incurred loss model. The results have been adjusted to consider those customers impacted by the economic uncertainty triggered by the COVID-19 lockdown.

The subsidiaries have performed comparatively well throughout the lockdown period, which is predominantly attributable to the quality and depth of the initial underwrite followed by a strong relationship that the business establishes with each customer. The business has worked personally with each customer through regular contact to ensure appropriate levels of forbearance are offered and fair outcomes are achieved.