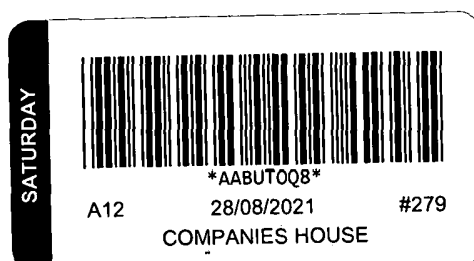


Company Registration No. 6987852

EVOLUTION MONEY LIMITED
Annual Report and Financial Statements
For the period ended 31 March 2021



**EVOLUTION MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS**

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EVOLUTION MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Montgomery
S Brilus
B Guvenc
K Pender

REGISTERED OFFICE

9 Portland Street
Manchester
M1 3BE

BANKERS

NatWest PLC
250 Bishopsgate
London
EC2M 4AA

AUDITOR

Deloitte LLP
Statutory Auditor
The Hanover Building,
Corporation Street,
Manchester,
M4 4AH

EVOLUTION MONEY LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The audited financial statements for the period ended 31 March 2021 are set out on pages 10 to 19. The financial period was amended in 2019 to run from April to March. The 2019 period represented a 15-month period from January 2019 to March 2020, the 2020 period represents a 12-month period.

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 collection services to Progressive Money.

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 23 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 impact of the COVID-19 pandemic and lockdowns during the period ending 31 March 2021, the reported results were lower than expectations.

RESULTS

The Company generated turnover of £8.50m (15-month period to Mar 2019: £14.06m) and reported an operating profit of £341,543 (15-month period to Mar 2019: £927,361).

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.

Despite the COVID-19 challenges faced throughout the financial year, the business continued to put customers and staff at the heart of the organisation.

For customers in difficulty, financial pressure was eased as the business offered all customers in need of a payment deferral an interest free term extension of up to 6 months with no default interest or late payment fees.

For those customers needing to speak to the business, the successful deployment of home working ensured that the longest wait to speak to an operator at the height of the pandemic was under 4 minutes.

For employees of the business, financial reassurance was provided to all furloughed staff who continued to receive 100% of their gross salary throughout the year by way of a business top-up.

For the community, the business continued to invest and support a local charity which supports the Manchester community and its people.

EVOLUTION MONEY LIMITED

STRATEGIC REPORT (CONTINUED)

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, areas 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 continuously 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 31 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.

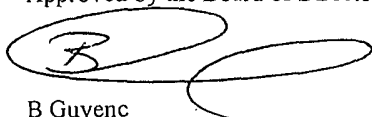
Potential consequences for the Company would most likely be in the event of a macroeconomic downturn, including the possibility of higher unemployment and increased living costs.

COVID-19 Risk

The COVID-19 global pandemic and the UK government's subsequent lockdown and evolving response to the pandemic resulted in a cautious scale back 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 in the early part of the financial year resulted in a short-term reduction in originations; however, lending resumed and slowly began to increase towards the end of the period. 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.

Approved by the Board of Directors and signed on behalf of the Board on 13 August 2021.



B Guvenc
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 Brilüs
K Pender
R Russel-Fisher (resigned 30 October 2020)
B Guvenc (appointed 1 October 2020)

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 2021. 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.

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 which reflect the economic uncertainty arising from the COVID-19 pandemic and Brexit, 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.

The following points demonstrate how the company will continue as a going concern during this period of increased economic uncertainty:

- £1.4m of Group cash balances as at 30 June 2021
- Committed debt facilities through to July 2022 with an extension to July 2023 having been credit approved
- 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 1% of the book remain in a payment holiday as of 30 June 2021
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses whilst continuing to operate
- The ability to maintain 100% business as usual functionality in the event of government-imposed lockdowns

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 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.

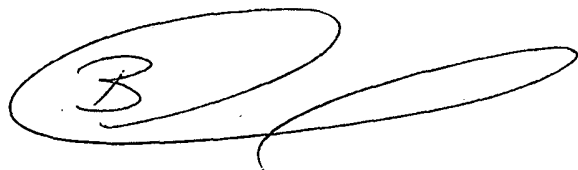
This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

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 13 August 2021.



B Guvenc
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 of Evolution Money Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st March 2021 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 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

EVOLUTION MONEY LIMITED

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

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 group's and the parent 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 group or the parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

EVOLUTION MONEY LIMITED

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

In addition to the above, our procedures to respond to the risks identified included the following:

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and FCA.

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 group and of the parent company and their 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

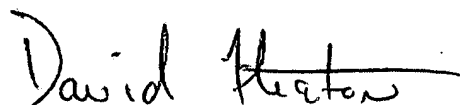
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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, UK
13 August 2021

EVOLUTION MONEY LIMITED**PROFIT AND LOSS ACCOUNT**

Period ended 31 March 2021

	Note	12 Month period to 31 March 2021 £	15 Month period to 31 March 2020 £
TURNOVER	1	8,499,194	14,057,600
Other Operating Income	3	913,835	-
Administrative expenses	4	(9,071,486)	(13,130,239)
OPERATING PROFIT		<u>341,543</u>	<u>927,361</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	341,543	927,361
Tax credit/charge on profit on ordinary activities	6	<u>27,856</u>	<u>(292,270)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY SHAREHOLDERS		<u><u>369,399</u></u>	<u><u>635,091</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 2021

		31 March 2021 £	31 March 2020 £
	Note		
FIXED ASSETS			
Tangible assets	7	199,225	362,269
Intangible assets	7	650	650
		<u>199,875</u>	<u>362,919</u>
CURRENT ASSETS			
Debtors	8	2,778,074	2,655,092
Cash at bank and in hand		334,047	143,781
		<u>3,112,121</u>	<u>2,798,873</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(1,995,381)	(2,187,018)
NET CURRENT ASSETS		<u>1,116,740</u>	<u>611,855</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,316,615</u>	<u>974,774</u>
PROVISION FOR LIABILITIES & CHARGES	10	(22,961)	(50,519)
NET ASSETS		<u>1,293,654</u>	<u>924,255</u>
FINANCED BY:			
Called up share capital	13	10	10
Profit and loss account		1,293,644	924,245
CAPITAL EMPLOYED		<u>1,293,654</u>	<u>924,255</u>

Company registration number: 6987852

These financial statements were approved by the Board of Directors on 13 August 2021

Signed on behalf of the Board of Directors



B Guvenc
Director

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

EVOLUTION MONEY LIMITED

STATEMENT OF CHANGES IN EQUITY Period ended 31 March 2021

	Share Capital £	Profit and Loss £	Total £
Balance at 31 December 2018	10	289,154	289,154
Changes in equity			
Profit for the financial year	-	635,091	635,091
Balance at 31 December 2019	10	924,245	924,255
Changes in equity			
Profit for the financial year	-	369,399	369,399
Balance at 31 March 2020	10	1,293,644	1,293,654

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2021

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 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

- £1.4m of Group cash balances as at 30 June 2021
- Committed debt facilities through to July 2022 with an extension to July 2023 having been credit approved
- 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 1% of the book remain in a payment holiday as of 30 June 2021
- 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 which reflect the economic uncertainty arising from the COVID-19 pandemic and Brexit, 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 2021

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. OTHER OPERATING INCOME

	12 Month Period To 31 Mar 2021 £	15 Month Period to 31 Mar 2020 £
Other Operating Income	<u>913,835</u>	<u>-</u>

All other operating income to 31 March 2021 relates to income from the Coronavirus Job Retention Scheme (2019: £nil). 78 employees were placed on furlough throughout the year.

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

4. STAFF COSTS

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

	12 Month period to 31 Mar 2021 £	15 Month period to 31 Mar 2020 £
Wages and salaries	4,868,539	6,623,938
Social security costs	512,789	698,996
Pension	263,780	358,234
	<u>5,645,108</u>	<u>7,681,168</u>

During the period to 31 March 2021 government grants totalling £913,835 were received as part of the support measures offered by the UK government in response to the COVID-19 pandemic. Staff costs net of these government grants were £4,731,273. All salaries were topped up by the Company to 100%.

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

	12 Month Period To 31 Mar 2021 Number	15 Month Period to 31 Mar 2020 Number
Administrative staff	<u>119</u>	<u>143</u>

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

	12 Month Period to 31 Mar 2021	15 Month Period to 31 Mar 2020
Directors' emoluments	<u>804,102</u>	<u>1,347,238</u>

The emoluments of the highest paid director were as follows:

	12 Month Period to Mar 2021	15 Month Period to 31 Mar 2020
Directors' emoluments	<u>284,730</u>	<u>529,496</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	12 Month Period to 31 Mar 2021	15 Month Period to 31 Mar 2020
	£	£
Operating lease rentals:		
Land and buildings	315,215	199,623
Other	13,200	10,000
Depreciation – owned assets	218,548	288,415
Fees payable to the Company's auditor for the audit of the Company and the Group	79,200	74,400
Non-audit fees payable to the Company's auditor	-	-

6. TAXATION

Analysis of the tax charge

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

Current tax due on profit on ordinary activities:

	12 Month Period to 31 Mar 2021	15 Month Period to 31 Mar 2020
	£	£
Current tax due on profit on ordinary activities:		
UK corporation tax due	99,714	276,862
Adjustment in respect of prior periods	(100,012)	(2,131)
Total current tax due	(298)	274,731
Deferred taxation (note 9)	(27,558)	17,539
Total tax charge for the period	(27,856)	292,270

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:

	12 Month Period To 31 Mar 2021	15 Month Period to 31 Mar 2020
	£	£
Profit on ordinary activities before tax	341,543	927,361
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 19% (to 31 Mar 2019: 19%)	64,893	176,199
Effects of:		
Expenses not deductible for tax purposes	7,139	150,569
Research And Development	-	(62,685)
Prior year adjustment	(100,012)	(2,131)
Impact of change in rates	-	-
Capital allowances greater than depreciation	27,682	12,779
Deferred taxation	(27,558)	17,539
Total tax charge for the period	(27,856)	292,270

EVOLUTION MONEY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Period ended 31 March 2021

6. TAXATION (CONTINUED)

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 2021. 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.

On 3 March 2021, the Chancellor announced plans to increase the corporation tax rate from 19% to 25% with effect from 1 April 2023. The main corporation tax rate has not yet been substantively enacted. The effect of the rate change on the recognised balance is not expected to be material.

7. TANGIBLE AND INTANGIBLE FIXED ASSETS

The £650 intangible asset balance relates to intellectual property.

The movement in tangible fixed assets in the year was as follows:

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
At 1 April 2020	1,107,460	467,388	1,574,848
Additions	28,020	27,484	55,504
Disposals	(392,133)	(37,412)	(429,545)
At 31 March 2021	743,347	457,460	1,200,807
Depreciation			
At 1 April 2020	781,786	430,793	1,212,579
Charge for the year	197,233	21,315	218,548
Disposals	(392,133)	(37,412)	(429,545)
At 31 March 2021	586,886	414,696	1,001,582
Net book value			
At 31 March 2021	156,461	42,764	199,225
At 31 March 2020	325,674	36,595	362,269

8. DEBTORS

	31 Mar 2021 £	31 Mar 2020 £
Amounts receivable from fellow subsidiary	2,479,673	2,441,929
Prepayments & accrued income	298,401	213,163
	<u>2,778,074</u>	<u>2,655,092</u>

EVOLUTION MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Mar 2021	31 Mar 2020
	£	£
Trade creditors	235,378	244,594
Other taxes	281,780	336,903
Social Security	269,980	315,659
Corporation tax	18,583	339,547
Accruals and deferred income	1,189,660	950,315
	<u>1,995,381</u>	<u>2,187,018</u>

10. PROVISION FOR LIABILITIES AND CHARGES

	31 Mar 2021	31 Mar 2020
	£	£
Deferred Tax Liability		
Deferred tax liability:		
Capital allowances in excess of depreciation	(22,961)	(50,519)
	<u>(50,519)</u>	<u>(32,980)</u>
Balance brought forward	27,558	(17,539)
Movement in provision (note 6)		
Balance carried forward	<u>(22,961)</u>	<u>(50,519)</u>

11. 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 2021 the balance on the secured loan was £81,981,187 (31 Mar 2020: £96,196,056). 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 2021

11. OPERATING LEASE COMMITMENTS

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

	31 Mar 2021	31 Mar 2021	31 Mar 2020	31 Mar 2020
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Company				
- within one year	315,215	4,640	58,005	7,500
- between one and five years	945,644	-	-	-
	<u>1,260,859</u>	<u>4,670</u>	<u>58,005</u>	<u>7,500</u>

12. CALLED UP SHARE CAPITAL

	31 Mar 2021	31 Mar 2020
	£	£
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.