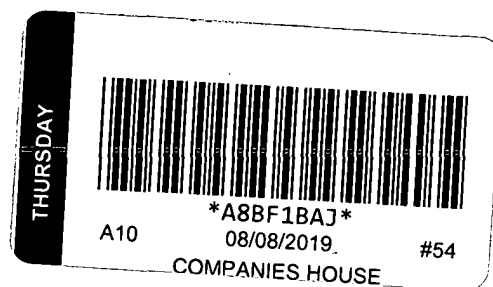


**PROGRESSIVE MONEY LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2018**



**PROGRESSIVE MONEY LIMITED  
REPORT AND FINANCIAL STATEMENTS 2018**

**CONTENTS**

**Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditor's report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11</b>

# **PROGRESSIVE MONEY LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

M Montgomery  
S Brilus  
K Turtill  
R Russel-Fisher

### **REGISTERED OFFICE**

8 St John Street  
Manchester  
M3 4DU

### **BANKERS**

Natwest PLC  
250 Bishopgate  
London  
EC2M 4AA

### **AUDITOR**

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

# **PROGRESSIVE MONEY LIMITED**

## **STRATEGIC REPORT**

### **BUSINESS REVIEW**

The audited financial statements for the year ended 31 December 2018 are set out on pages 8 to 19.

The principal activity of the Company is the provision of 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 to offer appropriate lending solutions to customers requiring loans but who are unable to access credit due to problematic historical credit records. The Company 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.

The Company generated turnover of £7.2m (2017: £4.3m) and reported an operating profit of £2.1m (2017: £1.5m Restated Profit).

The Company's strategy is to grow the value of loan receivables whilst ensuring sustainable operating profits. This will be achieved by continuing to focus on offering a competitive range of products which meet the needs of each customer based on a detailed understanding of their financial circumstances. A key element of this strategy is to continue maintaining a market-leading customer service experience based upon encouraging clear communication, and which seeks to ensure that customers who are considered vulnerable are offered appropriate forbearance.

The Company has always been committed to the adherence to best practice and during 2018 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").

### **KEY PERFORMANCE INDICATORS**

The business measures performance against a number of key indicators. These include new business lending which grew by 32% in value year on year and ensuring appropriate levels of costs as a proportion of income which remained stable at 71% (2017: 64%).

### **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 continue to grow over the forthcoming year through the ongoing development of acquisition channels and the investment in business infrastructure. The business is well placed to take advantage of the forecast growth in the consumer lending market.

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 14 May 2019.



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

# **PROGRESSIVE MONEY LIMITED**

## **DIRECTORS' 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 year ended 31 December 2018. No significant events since the balance sheet date have occurred up to the date of issuing this report.

Information about the use of financial instruments by the Company is given in note 11.

### **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.

### **PRINCIPAL RISKS & UNCERTAINTIES**

The Company's financial instruments, other than short term debtors and creditors, comprise cash balances, secured loan facilities, and loan notes from the Parent undertaking, Darwin Loan Solutions Limited. 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:

#### **Interest rate, cash flow and liquidity risk**

The above risks are primarily attributable to the Company's use of secured loan facilities and loan notes. Interest rate and liquidity risk are managed by the Company's treasury function through the drawdown of cash available under the Company's secured loan facility. The drawdown of cash is managed to achieve a balance between access to working capital and minimising borrowings to control interest costs.

The Directors constantly monitor the available loan facility and the working capital requirements of the Company.

#### **Credit risk**

The Company's principal financial assets are bank balances and loan and other receivables, with the credit risk being primarily attributable to its loan receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has strong and effective control over credit risk while growing the customer base. It has robust underwriting processes which minimise the risk of delinquency and sound collection processes to manage arrears, including forbearance where a customer demonstrates that they are unable to maintain full contractual payments. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

#### **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). The Government has so far been unable to negotiate a withdrawal deal and there is ongoing confusion and a distinct lack of clarity as to how and when Brexit may occur.

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.

## **PROGRESSIVE MONEY LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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.

The Company has taken precautionary measures by tightening lending criteria; however, the non-standard financing sector has a higher degree of losses under normal conditions and therefore the impact of an economic decline will be comparatively lower.

The Group has reached agreement with its lenders to protect future capital requirements by refinancing all facilities to increase commitment and extend maturity to May 2022.

#### **GOING CONCERN**

The details of the Company's borrowing facilities are detailed in note 10 to the financial statements. The Company has a policy of continually reviewing its current and future borrowing requirements. The facilities are secured for a period of more than 12 months, 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.

#### **DIVIDENDS**

The Company did not pay a dividend during the financial year (2017: 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.

Approved by the Board of Directors and signed on behalf of the Board on 14 May 2019.

#### **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.



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

# **PROGRESSIVE 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.

# **PROGRESSIVE MONEY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROGRESSIVE 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<sup>st</sup> December 2018 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 Progressive 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 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 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.

#### **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.



## **PROGRESSIVE MONEY LIMITED**

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

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](http://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**

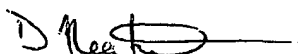
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

#### **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  
14 May 2019

# PROGRESSIVE MONEY LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2018

		2018	2017 (Restated)
	Note	£	£
<b>TURNOVER</b>	1	7,241,017	4,257,085
Administrative expenses		(5,139,010)	(2,724,133)
<b>OPERATING PROFIT</b>		2,102,007	1,532,952
Interest payable	4	(1,766,486)	(842,857)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	335,521	690,095
Tax due on profit on ordinary activities	6	(52,021)	(119,622)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY</b>		283,500	570,473

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.

# PROGRESSIVE MONEY LIMITED

## BALANCE SHEET As at 31 December 2018

		2018	2017 (Restated)
	Note	£	£
<b>FIXED ASSETS</b>	7	160,220	79,476
<b>CURRENT ASSETS</b>			
Debtors due within one year	8	2,157,615	1,473,223
Cash at bank and in hand		874,113	564,654
		<u>3,031,728</u>	<u>2,037,877</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(4,319,009)</u>	<u>(3,194,438)</u>
<b>NET CURRENT ASSETS</b>		<u>(1,287,281)</u>	<u>(1,156,561)</u>
Debtors due after one year	8	21,473,498	14,265,021
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,346,437	13,187,936
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	10	<u>(17,987,476)</u>	<u>(11,112,475)</u>
<b>NET ASSETS EXCLUDING SHAREHOLDER LOAN NOTES</b>		<u>2,358,961</u>	<u>2,075,461</u>
<b>FINANCED BY:</b>			
Creditors: Amounts falling due after more than one year	10	1,810,000	1,810,000
Called up share capital	12	10	10
Profit and loss account		<u>548,951</u>	<u>265,451</u>
<b>CAPITAL EMPLOYED</b>		<u>2,358,961</u>	<u>2,075,461</u>

Company registration number: 6113307

These financial statements were approved by the Board of Directors on 14 May 2019.

Signed on behalf of the Board of Directors



R Russel-Fisher  
Director

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

# PROGRESSIVE MONEY LIMITED

## STATEMENT OF CHANGES IN EQUITY As at 31 December 2018

	Share Capital £	Profit and Loss (Restated) £	Total £
Balance at 31st December 2016	10	(305,023)	(305,013)
Changes in equity			
Profit for the financial year	-	570,474	570,474
Balance at 31st December 2017	10	265,451	265,461
Changes in equity			
Profit for the financial year	-	283,500	283,500
Balance at 31st December 2018	10	548,951	548,961

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES

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

#### **General information and basis of accounting**

Progressive 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.

The Directors have presented the balance sheet in line with the requirements of a Format 2, Capital Employed balance sheet as they believe that the presentation of subordinated loan notes as capital employed best reflects the financial position of the Company.

#### **Going concern**

As outlined in the Directors' Report, these financial statements have been prepared on a going concern basis. The Company receives the continuing support of its shareholder, 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 is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of any applicable VAT. Turnover on customer receivables consists of interest received and upfront arrangement fees. Interest and arrangement fee income is incorporated into the total value of the loan and is spread over the expected life of the loan in line with the Effective Interest Rate ("EIR").

#### **Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The net loans and receivables are measured at amortised cost using the effective interest rate method. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability. The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages.

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments (Continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade debtors and trade creditors are measured at undiscounted cost in accordance with FRS102 section 11.14, as these are due within one year.

#### Impairment of receivables

The Group regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses recognised if, and only if, there is objective evidence of impairment of one or more loss events that have occurred after the initial recognition of assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial assets that can be reliably estimated. For loans and receivables, the amount of the loss is recognised as the difference between the loan's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. Impairment losses and any subsequent reversals are recognised in the income statement.

#### Borrowing

Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are stated subsequently at amortised cost.

#### Tangible fixed assets

Tangible fixed assets are measured at historical at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

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 Directors 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.

#### Restatement

The definition of default used by the group has been amended so that it captures customer accounts that are between 1 and 29 days overdue. This is a change in policy as in the prior year a default was only deemed to occur when the customer account reached 30 days overdue. As the change in definition results in a more conservative provision being calculated this has been presented as a voluntary change in accounting policy. The impact of the change on the presented profit and loss account and balance sheet lines is as follows:

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Profit and Loss Restatement:

	2018 £	2017 £
Administrative Expenses	205,025	65,068
Tax due on profit on ordinary activities	(38,955)	(12,526)
	<hr/>	<hr/>
Reduction in profit on ordinary activities after taxation for the year attributable to equity shareholders	166,070	52,542
	<hr/>	<hr/>

#### Balance Sheet Restatement:

	2018 £	2017 £
Debtors due within one year	(205,025)	(65,068)
Creditors: amounts falling due within one year	38,955	12,526
	<hr/>	<hr/>
Shareholders' Funds	(166,070)	(52,542)
	<hr/>	<hr/>

The Profit & Loss account brought forward as at 31 December 2016 has been restated by (£186,780).

### 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.

The following are the key sources of estimating uncertainty that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

No critical accounting judgements 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.

#### *Key source of estimation uncertainty – impairment of loan receivables*

Determining whether loan receivables are impaired requires an estimation of the amount the Company expects to recover in future. The calculation requires the entity to estimate the future cash flows expected to arise from the loan book. The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages. The anticipated recoverability of each impaired loan is derived from historic performance and discounted to present value using the effective interest rate over an estimated collection period.

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 3. STAFF COSTS

The Company did not employ any staff directly in the current or prior year, but instead was a party to an originating and servicing agreement with a related party, Evolution Money Limited under which that Company provides administrative and marketing services. There were no Directors' emoluments for the year as the Directors were remunerated through Evolution Money Limited.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	2017 £
Bank interest	1,766,486	842,857
	<u>1,766,486</u>	<u>842,857</u>

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no audit fees/non audit fees for the year as these were borne and not recharged through Evolution Money Limited.

There are no operating lease commitments as these are paid through Evolution Money Limited.

### 6. TAXATION

#### Analysis of the tax charge

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

	2018 £	2017 (Restated) £
Current tax due on profit on ordinary activities:		
UK corporation tax due	46,490	119,622
Adjustment in respect of prior periods	5,531	-
Total current tax due	<u>52,021</u>	<u>119,622</u>

#### 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:

	2018 £	2017 (Restated) £
Profit on ordinary activities before tax	<u>335,521</u>	<u>690,095</u>
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 19% (2017: 19%)	<u>63,749</u>	<u>131,118</u>
Effects of:		
Expenses not deductible for tax purposes	9,852	3,819
Capital Allowances greater than depreciation	(27,111)	(16,869)
Adjustment in respect of prior years	5,531	-
Impact of change in rates	-	1,554
Total tax charge for the period	<u>52,021</u>	<u>119,622</u>



# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 7. TANGIBLE FIXED ASSETS

The movement in the year was as follows:

	Computer equipment £	Fixtures & fittings £	Total £
<b>Cost</b>			
At 1 January 2018	106,422	720	107,142
Additions	142,692	-	142,692
At 31 December 2018	249,114	720	249,834
<b>Depreciation</b>			
At 1 January 2018	27,106	560	27,666
Charge for the year	61,788	160	61,948
At 31 December 2018	88,894	720	89,614
<b>Net book value</b>			
At 31 December 2018	160,220	-	160,220
At 31 December 2017	79,316	160	79,476

### 8. DEBTORS

	2018 £	2017 (restated) £
Gross amounts receivable from unsecured loan customers	26,516,886	17,408,233
Allowance for doubtful debts	(2,909,078)	(1,680,426)
Net amounts receivable from secured loan customers	23,607,808	15,727,807
Prepayments & accrued income	12,742	10,437
Tax receivable	10,563	-
Balance at the end of the period	23,631,113	15,738,244

Included within amounts due from customers is an amount of £21,473,498 (2017: £14,265,021) which is due after more than one year.

Amounts receivable from unsecured loan customers are classified as loans and receivables and are therefore measured at amortised cost.

Movement in the allowance for doubtful debts:

	2018 £	2017 (Restated) £
Balance at the beginning of the period	1,680,426	802,985
Net Impairment recognised in the year	1,228,652	877,441
Balance at the end of the period	2,909,078	1,680,426

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 8. DEBTORS (CONTINUED)

In determining the recoverability of a loan receivable, the Company considers any change in the credit quality of the loan receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

The impairment charge for the year is included within administrative expenses.

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 (Restated) £
Amounts owed to group companies	4,093,877	2,962,043
Corporation Tax	-	42,281
Accruals and deferred income	225,132	190,114
	<u>4,319,009</u>	<u>3,194,438</u>

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018 £	2017 £
Revolving bank loans	17,987,476	11,112,475
Loan notes from parent undertaking	1,810,000	1,810,000
	<u>19,797,476</u>	<u>12,922,475</u>

Under the terms of the revolving bank loans and intercreditor agreement, the loans from the parent undertaking, Darwin Loan Solutions Limited cannot be repaid until the bank facility has been repaid in full. In order to present a true and fair view, these loan notes are presented on the balance sheet as amounts falling due after more than one year within capital employed as the Directors believe that the presentation of subordinated loan notes as capital employed best reflects the financial position of the Company.

The revolving bank loans and loan notes are repayable as follows:

	2018 £	2017 £
Between two and five years	<u>19,797,476</u>	<u>12,922,475</u>

The revolving bank loans incur interest at market rates and are secured by a fixed and floating charge over the assets of the Company.

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 11. FINANCIAL INSTRUMENTS

#### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2017.

As part of the bank funding arrangement the Company is required to maintain a minimum tangible net worth and interest cover ratio.

#### Categories of financial instruments

	2018 £	2017 (Restated) £
<b>Financial assets</b>		
Cash and bank balances	874,113	564,654
Net loans and receivables	23,607,808	15,727,807
<b>Financial liabilities</b>		
Bank Loan	17,987,476	11,112,475

No reclassifications of financial assets or liabilities were carried out in the current or prior year.

Net loans and receivables are measured at amortised cost which the directors consider to be equivalent to their fair value.

#### Financial risk management objectives

The Directors monitor and manage the financial risks relating to the operations of the Company. These risks include market risk, credit risk, liquidity risk and cash flow interest rate risk.

#### Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates on its debt instruments that are linked to the Bank of England base rate. In order to reduce its exposure to this risk the Company continues to assess rates offered on loans made to customers taking into account anticipated changes in wholesale interest rates and the consumer credit environment. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

The Company does not undertake transactions denominated in foreign currencies and is not exposed to any foreign currency risk.

#### Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The Company has robust underwriting processes which minimise the risk of delinquency and sound collection processes to manage arrears, including forbearance where a customer demonstrates that they are unable to maintain full contractual payments.

Loan receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of loans receivable.

The Company does not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics. The Company defines customers as having similar characteristics if they are related entities.

# PROGRESSIVE MONEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2018

### 11. FINANCIAL INSTRUMENTS (CONTINUED)

#### Credit risk management (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

#### Financial assets and other credit exposures

	<u>Maximum credit risk</u>	
	2018	2017
	£	(Restated) £
Loan receivables	23,607,808	15,727,807
Cash and bank balances	874,113	564,654

The Company does not hold any collateral or other credit enhancements to cover this credit risk.

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

#### Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	1-3 years £	3+ years £	Total £
<b>31 December 2017</b>			
Variable interest rate instruments	(11,112,475)	-	(11,112,475)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	8,481,149	7,246,658	15,727,807
	<u>(2,631,326)</u>	<u>5,436,658</u>	<u>2,805,332</u>
<b>31 December 2018</b>			
Variable interest rate instruments	(17,987,476)	-	(17,987,476)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	12,362,121	11,245,687	23,607,808
	<u>(5,625,355)</u>	<u>9,435,687</u>	<u>3,810,332</u>

# **PROGRESSIVE MONEY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 31 December 2018**

### **12. CALLED UP SHARE CAPITAL**

	2018	2017
	£	£
<b>Allotted and called up:</b>		
10 ordinary shares of £1 each	10	10

### **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 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.