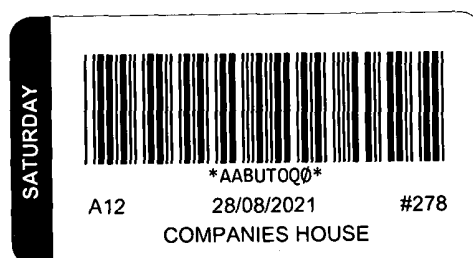


Company Registration No. 8120061

PROGRESSIVE MONEY LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2021



**PROGRESSIVE MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS 2021**

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PROGRESSIVE MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Montgomery
S Brilus
K Pender
R Russel-Fisher (resigned 30 October 2020)
B Guvenc (appointed 1 October 2020)

REGISTERED OFFICE

9 Portland Street
Manchester
M1 3BE

BANKERS

Natwest PLC
250 Bishopgate
London
EC2M 4AA

AUDITOR

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

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The audited financial statements for the period ended 31 March 2021 are set out on pages 12 to 23.

The principal activity of the Company up until May 2019 was the provision of unsecured personal loans to customers who are resident in the UK and do not have access to high street credit. In May 2019 the Company ceased to originate new unsecured loans to focus on the secured product offered by its sister company. The Company's strategy is to run-off the existing loan book.

The Company generated turnover of £2.8m (2019: £7.4m) and reported an operating profit of £2.9m (2019: £1.7m operating profit).

The Company has always been committed to the adherence of best practice and throughout 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 impact of the COVID-19 pandemic and lockdowns during the period ending 31 March 2021, the reported results were lower than expected.

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.

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT (CONTINUED)

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 continuously 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. 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 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.

COVID-19 Risk

The COVID-19 global pandemic and the UK government's subsequent lockdowns and evolving response to the pandemic has presented additional levels of risk for the Group.

The credit risk on loan receivables has increased due to the weakening of the economy, however, the amounts presented on the balance sheet are net of any allowance for increased levels of doubtful debts specifically attributable to those customers directly or indirectly impacted by COVID-19. The business maintains a robust inhouse collections process to ensure that fair customer outcomes are achieved, and appropriate levels of forbearance are offered. Due to the strength of the relationship between the business and its customers, collection rates have remained strong throughout the payment deferral period.

The Company has strong cash reserves therefore the availability of capital does not present a risk to the business.

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.

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT (CONTINUED)

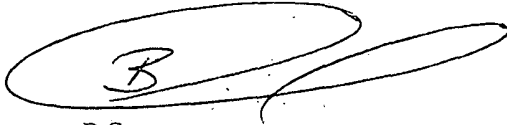
Brexit risk (continued)

The Group has reached agreement with its lenders to protect future capital requirements by refinancing all facilities to increase commitment and extend maturity to July 2023.

FUTURE DEVELOPMENTS

The business withdrew from the unsecured lending market in May 2019 and therefore the sole focus of the Company is to service the book throughout run-off and repay the loan facility.

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

A handwritten signature in black ink, appearing to be 'B Guvenc', enclosed within a large, loopy oval shape.

B Guvenc
Director
9 Portland Street
Manchester
M1 3BE

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 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 year ended 31 March 2021.

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.

GOING CONCERN

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.

- £491k of cash reserves as at 30 June 2021
- Committed debt facilities to support the run-off of the book, including the cross collateralisation of the Evolution Lending facilities
- 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 at 30 June 2021
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses
- The ability to maintain 100% business as usual functionality in the event another lockdown is imposed

FUTURE DEVELOPMENTS

The Company will continue to run off the loan book and repay the facility over the next 12 months.

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.

PROGRESSIVE MONEY LIMITED

DIRECTORS' REPORT (CONTINUED)

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.

A handwritten signature in black ink, consisting of a stylized 'B' followed by a long horizontal stroke.

B Guvenc
Director
9 Portland Street
Manchester
M1 3BE

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 of Progressive 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.

PROGRESSIVE MONEY LIMITED

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

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.

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:

PROGRESSIVE MONEY LIMITED

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

- 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.

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.

PROGRESSIVE MONEY LIMITED

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

Matters on which we are required to report by exception

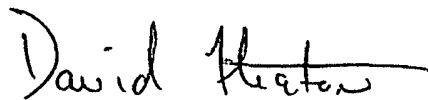
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

PROGRESSIVE MONEY LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 March 2021

		12 Month period to 31 Mar 2021	15 Month period to 31 Mar 2020
	Note	£	£
TURNOVER	1	2,814,298	7,420,170
Administrative expenses	3	64,144	(5,731,704)
OPERATING PROFIT		2,878,442	1,688,466
Interest payable	5	(461,731)	(1,856,026)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	2,416,711	(167,560)
Tax due on profit on ordinary activities	7	(459,175)	29,640
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		1,957,536	(137,920)

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 March 2021

		31 Mar 2021	31 Mar 2020
	Note	£	£
CURRENT ASSETS			
Debtors due within one year	8	2,069,322	1,033,094
Cash at bank and in hand		537,962	824,754
		<u>2,607,284</u>	<u>1,857,848</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(1,831,327)	(1,436,937)
NET CURRENT ASSETS		<u>775,957</u>	<u>420,911</u>
Debtors due after one year	8	5,114,662	9,611,522
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,890,619</u>	<u>10,032,433</u>
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	10	(1,712,042)	(7,811,392)
NET ASSETS EXCLUDING SHAREHOLDER LOAN NOTES		<u>4,178,577</u>	<u>2,221,041</u>
FINANCED BY:			
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>2,368,567</u>	<u>411,031</u>
CAPITAL EMPLOYED		<u>4,178,577</u>	<u>2,221,041</u>

Company registration number: 8120061

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.

PROGRESSIVE MONEY LIMITED

STATEMENT OF CHANGES IN EQUITY As at 31 March 2021

	Share Capital £	Profit and Loss £	Total £
Balance at 31st December 2018	10	548,951	548,961
Changes in equity			
Profit for the financial year	-	(137,920)	(137,920)
Balance at 31st March 2020	10	411,031	411,041
Changes in equity			
Profit for the financial year	-	1,957,536	1,957,536
Balance at 31st March 2021	10	2,368,567	2,368,577

PROGRESSIVE 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:

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 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:

- £491k of cash reserves as at 30 June 2021
- Committed debt facilities to support the run-off of the book, including the cross collateralisation of the Evolution Lending facilities
- 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 at 30 June 2021
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses
- 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 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").

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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.

Critical judgements and key sources 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.

The provision for the period ending 31 March 2021 was £1.35m, which includes a £390k provision to reflect any anticipated uptick in losses due to COVID-19.

The COVID-19 provisioning requirement at the period ending 31 March 2021 has been estimated by reference to those customers that had requested a payment holiday up until 31 March 2021.

The additional impairment provision has been estimated by reference to the collections performance of those customers that have exited a payment holiday as of 31 March 2021.

In addition, provisioning adjustments have been made by reference to the risk associated with the employment sector of each customer still in a payment holiday. The anticipated unemployment levels by sector have been taken from a reputable market source.

3. ADMINISTRATIVE EXPENSES

Income of £1,289,392 (2020: £NIL) is included within administrative expenses in respect of the sale of non-performing loans to a third party, which effectively reverses bad debt provisions already recognised on the assets being sold. Also, since May 2019, new loans have not been originated by the Company. The administration and associated cost has therefore reduced when compared to the prior financial year as the book is in run-off. The combination of these factors led to a change in total administration expenses from £5,732k cost in 2020 to £64k of income in 2021.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

4. 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.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	12 Month Period to 31 Mar 2021 £	15 Month Period to 31 Mar 2020 £
Bank interest	461,731	1,856,026
	<u>461,731</u>	<u>1,856,026</u>

6. 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.

7. TAXATION

Analysis of the tax charge

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

	12 Month Period to 31 Mar 2021 £	12 Month Period to 31 Mar 2020 £
Current tax due on profit on ordinary activities:		
UK corporation tax due	459,175	(31,836)
Adjustment in respect of prior periods	-	2,196
Total current tax due	<u>459,175</u>	<u>(29,640)</u>

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

7. 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:

	2021 £	2020 £
Profit on ordinary activities before tax	2,416,711	(167,560)
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 19% (2017: 19%)	459,175	(31,836)
Effects of:		
Expenses not deductible for tax purposes	-	-
Capital Allowances greater than depreciation	-	-
Adjustment in respect of prior years	-	2,196
Impact of change in rates	-	-
Total tax charge for the period	459,175	(29,640)

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.

8. DEBTORS

	2021 £	2020 £
Gross amounts receivable from unsecured loan customers	7,268,062	12,981,878
Allowance for doubtful debts	(1,351,065)	(2,426,772)
Net amounts receivable from secured loan customers	5,916,997	10,555,106
Prepayments & accrued income	1,266,987	622
Tax receivable	-	88,888
Balance at the end of the period	7,183,984	10,644,616

Included within amounts due from customers is an amount of £5,114,662 (2020: £9,611,522) 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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

8. DEBTORS (CONTINUED)

Movement in the allowance for doubtful debts:

	2021 £	2020 £
Balance at the beginning of the period	2,426,772	2,909,078
Utilisation of prior year allowance	(382,057)	-
Net Impairment recognised in the year	(693,650)	(482,306)
	<hr/>	<hr/>
Balance at the end of the period	1,351,065	2,426,772
	<hr/>	<hr/>

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

	2021 £	2020 £
Amounts owed to group companies	1,313,027	1,380,119
Corporation Tax	402,123	-
Accruals and deferred income	116,177	56,818
	<hr/>	<hr/>
	1,831,327	1,436,937
	<hr/>	<hr/>

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £	2020 £
Revolving bank loans	1,712,042	7,811,392
Loan notes from parent undertaking	1,810,000	1,810,000
	<hr/>	<hr/>
	3,522,042	9,621,392
	<hr/>	<hr/>

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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (CONTINUED)

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

	2021 £	2020 £
Between two and five years	3,522,042	9,621,392

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

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 2020.

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

	2021 £	2020 £
Financial assets		
Cash and bank balances	537,962	824,754
Net loans and receivables	5,916,997	10,555,106
Financial liabilities		
Bank Loan	1,712,042	7,811,392

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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

11. FINANCIAL INSTRUMENTS (CONTINUED)

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 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>	
	2021 £	2020 £
Loan receivables	5,916,997	10,555,106
Cash and bank balances	537,962	824,754

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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2021

11. FINANCIAL INSTRUMENTS (CONTINUED)

	1-3 years £	3+ years £	Total £
31 March 2020			
Variable interest rate instruments	(7,811,392)	-	(7,811,392)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	6,309,259	4,245,847	10,555,106
	(1,502,133)	2,435,847	933,714
31 March 2021			
Variable interest rate instruments	(1,712,042)	-	(1,712,042)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	4,969,257	2,298,805	7,268,062
	3,257,215	488,805	3,746,020

12. CALLED UP SHARE CAPITAL

	2021 £	2020 £
Allotted and called up:		
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.