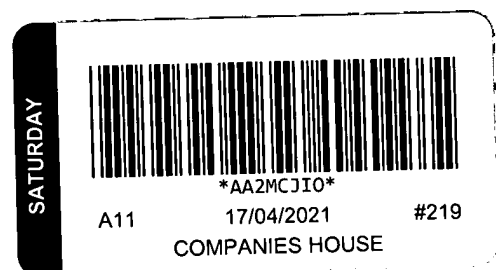


REGISTRAR'S COPY

Company Registration No. 08054296 (England and Wales)

SOCIAL MONEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



SOCIAL MONEY LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Director | L P Alexander |
| Company number | 08054296 |
| Registered office | 2nd Floor, St Johns House Barrington Road Altrincham Greater Manchester UK WA14 1JY |
| Auditor | Eric Langer BSc FCA Langer & Co Chartered accountant and Statutory auditor 8-10 Gatley Road Cheadle Cheshire SK8 1PY |

SOCIAL MONEY LIMITED

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SOCIAL MONEY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents the strategic report for the year ended 31 March 2020.

Review of the business

Social Money Limited arranges bridging finance secured on UK property. The bridging finance loan book stood at £47.3m at the year end and is financed by lenders and investors. The company also arranges consumer credit loans. The consumer credit loan book stood at £1.8m at the year end and is financed by internal capital and reserves.

96% of the company's trade debtors are secured bridging finance and 4% are consumer credit loans. It is intended to split these businesses in the future into two separate companies.

Principal risks and uncertainties

Bridging finance is naturally exposed to volatilities in the property market. However, lending is short term and risk is managed with cautious loan to value lending criteria.

Consumer credit lending is based on affordability. While the coronavirus pandemic brought some uncertainty at the end of the financial year, recoveries are not expected to be significantly affected.

Key performance indicators

The company has achieved year on year increases in turnover and funds lent since inception. Headcount has increased significantly as we lay the foundations for future growth.

Pre tax profit increased from £3.6m to £3.9m during the year and net assets rose from £4.1m to £7m.

Research and development

Technology is at the heart of the business and an in-house team has developed cutting edge technologies to deliver financial payment and loan services. Innovative solutions are enhancing and expanding both the core bridging platform and consumer credit technology and this will continue to be a focus.

On behalf of the board



.....
L P Alexander

Director

12.06.21

SOCIAL MONEY LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents his annual report and financial statements for the year ended 31 March 2020.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

L P Alexander

C G L Alexander

(Resigned 22 February 2021)

Results and dividends

The results for the year are set out on page 8.


The profit for the year after taxation was £3,217,387 (2019: £2,197,006).

Interim ordinary dividends were paid amounting to £300,000. The director does not recommend payment of a final dividend.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
L P Alexander

Director

Date: 12.04.21

SOCIAL MONEY LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOCIAL MONEY LIMITED

Opinion

I have audited the financial statements of Social Money Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and my auditor's report thereon. The director is responsible for the other information. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SOCIAL MONEY LIMITED

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

Matters on which I am required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the strategic report and the director's report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOCIAL MONEY LIMITED

Auditor's responsibilities for the audit of the financial statements

My 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 my 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Other matters

In the previous accounting period, the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore, the prior period financial statements were not subject to audit and as such the corresponding figures in these accounts are unaudited.


SOCIAL MONEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SOCIAL MONEY LIMITED

Use of my 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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for my audit work, for this report, or for the opinions I have formed.



Eric Langer BSc FCA

Langer & Co

Chartered Accountant and Statutory Auditor

16th April 2021
.....

8-10 Gatley Road

Cheadle

Cheshire

SK8 1PY

SOCIAL MONEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

| | | 2020 | 2019 |
|--|----------|------------------|------------------|
| | | £ | £ |
| Turnover | 2 | 11,322,092 | 10,917,723 |
| Cost of sales | | (4,508,093) | (4,705,800) |
| | | <hr/> | <hr/> |
| Gross profit | | 6,813,999 | 6,211,923 |
| Administrative expenses | | (3,011,603) | (2,618,586) |
| | | <hr/> | <hr/> |
| Operating profit | 3 | 3,802,396 | 3,593,337 |
| Interest receivable and similar income | 5 | 67,617 | 3,149 |
| Interest payable and similar expenses | 6 | (3,276) | - |
| | | <hr/> | <hr/> |
| Profit before taxation | | 3,866,737 | 3,596,486 |
| Tax on profit | 7 | (649,350) | (679,480) |
| | | <hr/> | <hr/> |
| Profit for the financial year | | <u>3,217,387</u> | <u>2,917,006</u> |

The income statement has been prepared on the basis that all operations are continuing operations.

SOCIAL MONEY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|--------------|-----------|--------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 38,274 | | 16,726 |
| Current assets | | | | | |
| Debtors | 10 | 53,935,222 | | 39,163,190 | |
| Cash at bank and in hand | | 5,749,901 | | 4,725,934 | |
| | | 59,685,123 | | 43,889,124 | |
| Creditors: amounts falling due within one year | 11 | (52,662,173) | | (39,765,092) | |
| Net current assets | | | 7,022,950 | | 4,124,032 |
| Total assets less current liabilities | | | 7,061,224 | | 4,140,758 |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 12 | 6,257 | | 3,178 | |
| | | | (6,257) | | (3,178) |
| Net assets | | | 7,054,967 | | 4,137,580 |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 106 | | 106 |
| Profit and loss reserves | | | 7,054,861 | | 4,137,474 |
| Total equity | | | 7,054,967 | | 4,137,580 |

The financial statements were approved by the board of directors and authorised for issue on 12.04.21 and are signed on its behalf by:



L P Alexander
Director

Company Registration No. 08054296

SOCIAL MONEY LIMITED

STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 MARCH 2020**

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|------------|
| Balance at 1 April 2018 | | 100 | 1,360,013 | 1,360,113 |
| Year ended 31 March 2019: | | | | |
| Profit and total comprehensive income for the year | | - | 2,917,006 | 2,917,006 |
| Issue of share capital | 14 | 6 | - | 6 |
| Dividends | 8 | - | (139,545) | (139,545) |
| Balance at 31 March 2019 | | 106 | 4,137,474 | 4,137,580 |
| Year ended 31 March 2020: | | | | |
| Profit and total comprehensive income for the year | | - | 3,217,387 | 3,217,387 |
| Dividends | 8 | - | (300,000) | (300,000) |
| Balance at 31 March 2020 | | 106 | 7,054,861 | 7,054,967 |

SOCIAL MONEY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-------------------------|---|-------------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 18 | 2,554,535 | | 5,244,618 | |
| Interest paid | | (3,276) | | - | |
| Income taxes paid | | (1,505,898) | | (387,959) | |
| Net cash inflow from operating activities | | <u>1,045,361</u> | | <u>4,856,659</u> | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (32,440) | | (9,943) | |
| Receipts arising from loans made | | 243,429 | | (2,695,456) | |
| Interest received | | <u>67,617</u> | | <u>3,149</u> | |
| Net cash generated from/(used in) investing activities | | 278,606 | | (2,702,250) | |
| Financing activities | | | | | |
| Proceeds from issue of shares | | - | | 6 | |
| Dividends paid | | <u>(300,000)</u> | | <u>(139,545)</u> | |
| Net cash used in financing activities | | <u>(300,000)</u> | | <u>(139,539)</u> | |
| Net increase in cash and cash equivalents | | <u>1,023,967</u> | | <u>2,014,870</u> | |
| Cash and cash equivalents at beginning of year | | 4,725,934 | | 2,711,064 | |
| Cash and cash equivalents at end of year | | <u><u>5,749,901</u></u> | | <u><u>4,725,934</u></u> | |

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Social Money Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2nd Floor, St Johns House, Barrington Road, Altrincham, Greater Manchester, UK, WA14 1JY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss.

The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover and cost of sales

Turnover represents interest on loans and fees earned during the year.
Cost of sales represents investor interest, broker costs and valuation fees.

1.4 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------------|-------------------|
| Office furniture & equipment | 25% straight line |
|------------------------------|-------------------|

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.6 Financial instruments

A financial asset or a financial liability is recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Trade debtors and creditors respectively represent amounts receivable and payable in respect of crowd funded lending activities and consumer credit finance. They are basic financial instruments, initially recognised at the transaction price and subsequently measured at their settlement value after due provision for bad and doubtful debts.

Bridging finance loans are secured by charges over properties owned by the borrowers; this security is held in a segregated trust for the investors as beneficiaries under that trust.

Liabilities are recognised at the amount the company expects to pay to settle the debt or the amount it has received as advance payment for the services it must provide.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is recognised on taxable profit for the current and past periods and is measured at the amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date and is measured using the tax rates and laws that are expected to apply to the reversal of the timing differences.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

1.9 Retirement benefits

The company makes contributions to a money purchase pension scheme for the benefit of its employees. Pension contributions are charged as an expense as they fall due.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Turnover and other revenue

Turnover was in respect of activities in the UK and is analysed as follows:

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Turnover analysed by class of business | | |
| Bridging loan finance | 9,331,944 | 9,680,177 |
| Consumer credit | 1,990,148 | 1,237,546 |
| | <u>11,322,092</u> | <u>10,917,723</u> |

3 Operating profit

| | 2020 £ | 2019 £ |
|---|----------------|---------------|
| Operating profit for the year is stated after charging: | | |
| Fees payable to the company's auditor for the audit of the company's financial statements | 6,000 | - |
| Depreciation of owned tangible fixed assets | 10,892 | 8,687 |
| Operating lease charges | <u>162,133</u> | <u>62,949</u> |

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 35 (2019 - 25).

| | 2020 Number | 2019 Number |
|-----------------|----------------|----------------|
| Sales | 13 | 6 |
| Loan operations | 10 | 7 |
| Administration | 12 | 12 |
| Total | <u>35</u> | <u>25</u> |

| | 2020 £ | 2019 £ |
|--------------------|------------------|------------------|
| Wages and salaries | 1,646,467 | 1,174,495 |
| Pension costs | 28,031 | 13,202 |
| | <u>1,674,498</u> | <u>1,187,697</u> |

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Interest receivable and similar income

| | 2020 £ | 2019 £ |
|---------------------------|-----------|-----------|
| Interest income | | |
| Interest on bank deposits | 67,617 | 3,149 |

6 Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|-----------------------------|-----------|-----------|
| Other finance costs: | | |
| Other interest | 3,276 | - |

7 Taxation

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 685,552 | 706,176 |
| Adjustments in respect of prior periods | (39,281) | (26,935) |
| Total current tax | 646,271 | 679,241 |
| Deferred tax | | |
| Origination and reversal of timing differences | 3,079 | 239 |
| Total tax charge | 649,350 | 679,480 |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Profit before taxation | 3,866,737 | 3,596,486 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 734,680 | 683,332 |
| Tax effect of expenses that are not deductible in determining taxable profit | 11,681 | 23,677 |
| Under/(over) provided in prior years | (39,281) | (27,529) |
| Research and development expenditure enhancement | (57,730) | - |
| Taxation charge for the year | 649,350 | 679,480 |

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Dividends

| | 2020 £ | 2019 £ |
|--------------|-----------|-----------|
| Interim paid | 300,000 | 139,545 |

9 Tangible fixed assets

| | Office furniture & equipment £ |
|------------------------------------|---|
| Cost | |
| At 1 April 2019 | 34,747 |
| Additions | 32,440 |
| At 31 March 2020 | 67,187 |
| Depreciation and impairment | |
| At 1 April 2019 | 18,021 |
| Depreciation charged in the year | 10,892 |
| At 31 March 2020 | 28,913 |
| Carrying amount | |
| At 31 March 2020 | 38,274 |
| At 31 March 2019 | 16,726 |

10 Debtors

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Amounts falling due within one year: | | |
| Trade debtors | 49,185,481 | 34,815,695 |
| Corporation tax recoverable | 526,548 | 451,160 |
| Other debtors | 4,223,193 | 3,896,335 |
| | 53,935,222 | 39,163,190 |

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------|-------------------|
| Trade creditors | 50,033,732 | 36,365,175 |
| Corporation tax | 417,531 | 1,201,770 |
| Other taxation and social security | 193,003 | 64,357 |
| Other creditors | 65,007 | 61,502 |
| Accruals and deferred income | 1,952,900 | 2,072,288 |
| | <u>52,662,173</u> | <u>39,765,092</u> |

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|--------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Accelerated capital allowances | <u>6,257</u> | <u>3,178</u> |

| | 2020 £ |
|-------------------------------|--------------|
| Movements in the year: | |
| Liability at 1 April 2019 | 3,178 |
| Charge to profit or loss | 3,079 |
| Liability at 31 March 2020 | <u>6,257</u> |

13 Retirement benefit schemes

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>28,031</u> | <u>13,202</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Share capital

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 10,000 SOMO1 Ordinary shares of 1p each | 100 | 100 |
| 53 SOMO2 Ordinary shares of 1p each | 1 | 1 |
| 530 PL Ordinary shares of 1p each | 5 | 5 |
| | <u>106</u> | <u>106</u> |

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments of £20,080 (2019: £70,524) for future minimum lease payments under non-cancellable operating leases.

16 Events after the reporting date

On 10 December 2020 Social Money Group Limited acquired all the shares in Social Money Limited under a share for share offer, approved by the FCA. This is the first stage of the planned restructuring of the company so that the bridging finance and consumer credit businesses can be split into two separate companies.

One shareholder exchanged their right to shares for loan notes in Social Money Group Limited to be repaid in a future period and registered a fixed and floating charge on the assets of Social Money Group Limited and Social Money Limited. The fixed and floating charge cannot pierce the assets of the bridging investors that are held in trust. The assets that are held in trust for the bridging investors as beneficiaries are the legal charges held over UK property which they financed/invested and the cash held to their credit in the client trust account.

SOCIAL MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Directors' transactions

Dividends totalling £300,000 (2019 - £139,545) were paid in the year in respect of shares held by the company's directors.

Debtors includes a loan account representing monies advanced interest free to the directors. The balance owed to the company at 31 March 2020 was £3,147,207 (2019: £3,388,186). £1.3m has been repaid since the end of the year.

A director and persons associated with the director received interest of £94,768 on their investments in the bridging finance lending activities of the company during the year. The amounts invested by related parties at 31 March 2020 totalled £3,171,515 (2019: £2,356,636).

Transactions took place during the year with companies controlled by a director of Social Money Limited as follows:

- (i) Funds were advanced to City United Properties Limited for the purposes of its property development activities; the balance owed at 31 March 2020 was £1,075,986 (2019: £497,031). The funds advanced were from internal company capital and reserves and no investors'/lenders' funds were advanced.
- (ii) Funds advanced to Social Money Security Trustee Limited proved irrecoverable and £32,180 was written off as a bad debt.

18 Cash generated from operations

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Profit for the year after tax | 3,217,387 | 2,917,006 |
| Adjustments for: | | |
| Taxation charged | 649,350 | 679,480 |
| Finance costs | 3,276 | - |
| Investment income | (67,617) | (3,149) |
| Depreciation and impairment of tangible fixed assets | 10,892 | 8,687 |
| Movements in working capital: | | |
| Increase in debtors | (14,940,073) | (11,411,480) |
| Increase in creditors | 13,681,320 | 13,054,074 |
| Cash generated from operations | 2,554,535 | 5,244,618 |

19 Analysis of changes in net funds

| | 1 April 2019 £ | Cash flows £ | 31 March 2020 £ |
|--------------------------|-------------------|-----------------|--------------------|
| Cash at bank and in hand | 4,725,934 | 1,023,967 | 5,749,901 |