

Company Registration No. 06738633 (England and Wales)

**PDL FINANCE LIMITED T/A MR LENDER**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

# **PDL FINANCE LIMITED T/A MR LENDER**

## **COMPANY INFORMATION**

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<b>Directors</b>	A Freeman E Nisbet J Grant D Shrier
<b>Company number</b>	06738633
<b>Registered office</b>	30 City Road London EC1Y 2AB
<b>Auditor</b>	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB

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# **PDL FINANCE LIMITED T/A MR LENDER**

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# **PDL FINANCE LIMITED T/A MR LENDER**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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The directors present the strategic report for the year ended 31 December 2018.

### **Principal Activities and Business Review**

The principal activity of the company is the provision of short-term loans.

#### **Fair review of the business**

In the year to 31 December 2018 turnover increased by £4.2m to £26.1m (2017: £21.9m) constituting a 19% increase.

The net book value of trade debtors at the yearend (including provisions for bad debts) decreased by £0.5m to £9.7m compared to the previous yearend. (2017: £10.3m).

The net profit before taxation decreased by £0.7m to £1.9m in 2018 from 2017 (£2.6m). £0.2m accounted for a fluctuation in the foreign exchange rate which led to a foreign exchange rate loss on the loan facility. £0.5m accounted for legal and professional fees.

#### **Financial Risk Management, Objectives and Policies**

The company is exposed to a moderate level of price, credit, liquidity and cash flow risks. The company manages these risks by financing its operations through retained profits supplemented by borrowing where necessary to fund expansion or capital expenditure programmes.

The management objective is to retain sufficient liquid funds via retained earnings, thus enabling the company to meet its day to day funding requirements, whilst minimising the risk of fluctuating interest rates on external borrowings.

The company makes little use of financial instruments other than an operational bank account and the facility to loan from its parent company SDJ Enterprise Limited if required, therefore its exposure to price, credit, liquidity and cash flow risk is not material for the assessment of assets, liabilities, financial position and profit and loss of the company.

#### **Regulatory, Political and Legal Risk Management and Policies**

The company is regulated by the FCA, therefore has a high level of exposure to potential regulatory, political and legal risks.

If the company fail to comply with any laws, regulations, rules or codes relating to the consumer credit industry it could potentially be fined by the FCA or expose the company to negative publicity which would in turn have a negative impact on the business.

Controls, systems and processes have been developed to manage these risks. These include monitoring regulatory and legal changes, developing appropriate compliance policies, monitoring adherence to these policies and reporting accordingly, as well as regular monitored compliance training for all employees.

# **PDL FINANCE LIMITED T/A MR LENDER**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Complaint Handling**

In 2018, PDL had one of the lowest number of complaints referred to the Financial Ombudsman Service (FOS) along with one of the lowest uphold rates in the HCSTC sector. It also held one of the lowest average uphold rates for the year at just 31.5%, compared to their competitors, some of which were over 70%. In H1 2019, PDL are forecasting an uphold rate of 25% with FOS, this means that only one in four of the complaints referred to the FOS would have been upheld to the customer.

The risk posed to PDL, by the increase in complaints in the HCSTC industry is minimal due to PDL's historic portfolio, which is born by enhanced processes from the start of the lending experience through to conclusion. PDL do still not charge any late fees or administration fees. They do not offer customers concurrent loans, they do not offer top ups, nor do they offer refinancing, (i.e. additional loans to pay off existing loans). PDL currently decline over 97% of all new applications and also decline over 50% of returning customer's applications, if there is evidence of reliance on short term credit or they deem to be unaffordable. In 2018, a customer held an average of 1.4 loans with PDL. To date, PDL have never issued a CCJ against a customer, nor have they ever threatened to take a customer to court.

### **Going Concern**

The company's cash requirements for the next twelve months are adequately resourced to continue their operations and to meet all liabilities. The company has high asset value and continues to be profitable.

### **Future Outlook**

PDL is excited about the future of the sector. PDL are constantly innovating on technology and have developed all of their code that is used to run and manage the loan portfolios and call contact centre (this excludes external API's). The development team is ever increasing, and it continues to enhance the current platform and systems.

In 2019, PDL will aim to get as close as possible to connecting all their new customer accounts with open banking. This, alongside the manual underwriting practice, will allow them to offer the most accurate affordability assessments that they can, based on multiple data points and continually improvement of their credit risk assessments.

PDL are aiming to enhance their product offering in 2019.

PDL will be relocating to new office space in Q4 of 2019 which will be 23,000 sq.ft and nearly double the size of their current office space.

On behalf of the board

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**A Freeman**  
**Director**  
.....

# **PDL FINANCE LIMITED T/A MR LENDER**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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The directors present their annual report and financial statements for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the company continued to be the provision of short term loans.

### **Directors**

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

A Freeman  
E Nisbet  
J Grant  
D Shrier

### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £2,325,000 (2017: £1,580,000) during the year.

### **Research and development**

The company continues to invest in the development of its website and software. The directors regard the investment in research and development as integral to the continuing success of the business and ensuring customers' needs and requirements as well as internal reporting needs are met.

### **Future developments**

The company seeks continued growth through both marketing and enhanced service offering.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Arram Berlyn Gardner LLP be reappointed as auditor of the company will be put at a General Meeting.

## **PDL FINANCE LIMITED T/A MR LENDER**

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

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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#### **Statement of directors' responsibilities**

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). 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 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 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.

#### **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

A Freeman

**Director**

12 July 2019

# **PDL FINANCE LIMITED T/A MR LENDER**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PDL FINANCE LIMITED T/A MR LENDER**

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#### **Opinion**

We have audited the financial statements of PDL Finance Limited t/a Mr Lender (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

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

- the directors' use of the going concern basis of accounting in the 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.

#### **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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are 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 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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



## **PDL FINANCE LIMITED T/A MR LENDER**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PDL FINANCE LIMITED T/A MR LENDER**

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##### **Matters on which we are 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, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

##### **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.

**Julie Piper FCA (Senior Statutory Auditor)**  
for and on behalf of Arram Berlyn Gardner LLP

12 July 2019

**Chartered Accountants**  
**Statutory Auditor**

30 City Road  
London  
EC1Y 2AB

## **PDL FINANCE LIMITED T/A MR LENDER**

### **STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	26,083,557	21,889,338
Cost of sales		(1,525,163)	(1,378,721)
<b>Gross profit</b>		<b>24,558,394</b>	<b>20,510,617</b>
Administrative expenses		(22,296,345)	(17,799,105)
<b>Operating profit</b>	<b>4</b>	<b>2,262,049</b>	<b>2,711,512</b>
Interest payable and similar expenses	<b>7</b>	(326,304)	(62,215)
<b>Profit before taxation</b>		<b>1,935,745</b>	<b>2,649,297</b>
Tax on profit	<b>8</b>	(209,378)	(52,649)
<b>Profit for the financial year</b>		<b>1,726,367</b>	<b>2,596,648</b>

The Statement Of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

# PDL FINANCE LIMITED T/A MR LENDER

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	10		3,024		3,024
Tangible assets	11		58,320		72,631
			<u>61,344</u>		<u>75,655</u>
<b>Current assets</b>					
Debtors	12	11,990,839		11,546,076	
Cash at bank and in hand		<u>2,964,530</u>		<u>2,652,866</u>	
		14,955,369		14,198,942	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,185,987)</u>		<u>(776,495)</u>	
<b>Net current assets</b>			<u>12,769,382</u>		<u>13,422,447</u>
<b>Total assets less current liabilities</b>			<u>12,830,726</u>		<u>13,498,102</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(560,242)		(2,128,985)
<b>Net assets</b>			<u><u>12,270,484</u></u>		<u><u>11,369,117</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		2,250		2,000
Share premium account	17		1,701,727		201,977
Profit and loss reserves			<u>10,566,507</u>		<u>11,165,140</u>
<b>Total equity</b>			<u><u>12,270,484</u></u>		<u><u>11,369,117</u></u>

The financial statements were approved by the board of directors and authorised for issue on 12 July 2019 and are signed on its behalf by:

A Freeman  
Director

Company Registration No. 06738633

# **PDL FINANCE LIMITED T/A MR LENDER**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>		2,000	201,977	10,148,492	10,352,469
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	2,596,648	2,596,648
Dividends	9	-	-	(1,580,000)	(1,580,000)
<b>Balance at 31 December 2017</b>		2,000	201,977	11,165,140	11,369,117
<b>Year ended 31 December 2018:</b>					
Profit and total comprehensive income for the year		-	-	1,726,367	1,726,367
Issue of share capital	16	250	-	-	250
Dividends	9	-	-	(2,325,000)	(2,325,000)
Other movements		-	1,499,750	-	1,499,750
<b>Balance at 31 December 2018</b>		2,250	1,701,727	10,566,507	12,270,484

# **PDL FINANCE LIMITED T/A MR LENDER**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

#### **Company information**

PDL Finance Limited t/a Mr Lender is a private company limited by shares incorporated in England and Wales. The registered office is 30 City Road, London, EC1Y 2AB. The principal place of business is Suite 105W, Sterling House, Langston Road, Loughton, Essex, IG10 9EW.

#### **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 are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of SDJ Enterprises Limited. These consolidated financial statements are available from its registered office, 2nd Floor Ashdon House, Moon Lane, Barnet, Herts, EN5 5YL.

#### **1.2 Going concern**

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

#### **1.3 Turnover**

The turnover shown in the profit and loss account represents interest receivable on short term loans made during the period and amounts invoiced to affiliates on the sale of debts and customer leads. Turnover is recognised on an accruals basis.

#### **1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

## **PDL FINANCE LIMITED T/A MR LENDER**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1 Accounting policies**

**(Continued)**

Amortisation 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:

Website design and build	3 years on a straight line basis
Trademark	10 years on a straight line basis

#### **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:

Fixtures, fittings & equipment	33.3% on a straight line basis
Computer equipment	33.3% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### **1.7 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.8 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# PDL FINANCE LIMITED T/A MR LENDER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# **PDL FINANCE LIMITED T/A MR LENDER**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

**(Continued)**

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### **1.10 Taxation**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### **1.13 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.

### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.



## PDL FINANCE LIMITED T/A MR LENDER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgement**

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

##### **Loan capital written off**

Loan capital is written off a set number of days after the missed due date. It is assumed that if a customer has not paid by this time the amount owing is unlikely to be paid. The directors review this in detail on a regular basis to ensure that it reasonably reflects the practical recoverability of loan capital issued.

#### 3 Turnover and other revenue

	2018	2017
	£	£
<b>Turnover analysed by class of business</b>		
Interest income on short term loans	24,021,831	20,809,509
Sale of debts and leads	2,061,726	1,079,829
	<u>26,083,557</u>	<u>21,889,338</u>

#### 4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	205,058	(33,968)
Fees payable to the company's auditor for the audit of the company's financial statements	40,920	39,600
Depreciation of owned tangible fixed assets	54,952	73,164
Operating lease charges	<u>333,782</u>	<u>294,052</u>

# **PDL FINANCE LIMITED T/A MR LENDER**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

### **5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2018</b>	<b>2017</b>
Operations	125	122
Administrative	32	32
	<u>157</u>	<u>154</u>

Their aggregate remuneration comprised:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,579,776	4,618,883
Social security costs	460,377	486,221
Pension costs	37,243	23,144
	<u>5,077,396</u>	<u>5,128,248</u>

### **6 Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	959,741	1,035,296
Company pension contributions to defined contribution schemes	2,810	1,834
Compensation for loss of office	-	30,000
	<u>962,551</u>	<u>1,037,130</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 4).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	482,559	488,793
Company pension contributions to defined contribution schemes	703	386

# **PDL FINANCE LIMITED T/A MR LENDER**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

### **7 Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Interest payable to group undertakings	324,628	62,215
Other interest	1,676	-
	<u>326,304</u>	<u>62,215</u>

### **8 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	381,486	517,092
Adjustments in respect of prior periods	(172,108)	(464,443)
	<u>209,378</u>	<u>52,649</u>

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:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<u>1,935,745</u>	<u>2,649,297</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	367,792	509,990
Tax effect of expenses that are not deductible in determining taxable profit	11,994	14,062
Capital allowances in excess of depreciation	1,700	(6,960)
Research and development tax credits claimed in respect of prior years	(172,108)	(464,443)
	<u>209,378</u>	<u>52,649</u>

### **9 Dividends**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Final paid	<u>2,325,000</u>	<u>1,580,000</u>

# PDL FINANCE LIMITED T/A MR LENDER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 10 Intangible fixed assets

	Website design and build	Trademark	Total
	£	£	£
<b>Cost</b>			
At 1 January 2018 and 31 December 2018	246,446	3,024	249,470
<b>Amortisation and impairment</b>			
At 1 January 2018 and 31 December 2018	246,446	-	246,446
<b>Carrying amount</b>			
At 31 December 2018	-	3,024	3,024
At 31 December 2017	-	3,024	3,024

### 11 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2018	431,238	400,660	831,898
Additions	18,494	22,147	40,641
At 31 December 2018	449,732	422,807	872,539
<b>Depreciation and impairment</b>			
At 1 January 2018	386,063	373,204	759,267
Depreciation charged in the year	34,492	20,460	54,952
At 31 December 2018	420,555	393,664	814,219
<b>Carrying amount</b>			
At 31 December 2018	29,177	29,143	58,320
At 31 December 2017	45,175	27,456	72,631

### 12 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	9,720,092	10,349,901
Unpaid share capital	1,500,000	-
Corporation tax recoverable	33,755	390,304
Other debtors	52,002	17,211
Prepayments and accrued income	684,990	788,660
	11,990,839	11,546,076

# PDL FINANCE LIMITED T/A MR LENDER

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	236,958	268,562
Amounts owed to group undertakings	1,120,483	-
Taxation and social security	292,569	217,549
Other creditors	15,439	237
Accruals and deferred income	520,538	290,147
	<u>2,185,987</u>	<u>776,495</u>

The loan from the parent company represents amounts drawn down on a credit facility provided by the parent company. Interest is charged at 12% per annum on any outstanding balances. Repayments are to be made in equal monthly instalments, with a final repayment date of July 2020. The loan is unsecured and denominated in US dollars.

### 14 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Loans from group undertakings	<u>560,242</u>	<u>2,128,985</u>

The loan from the parent company represents amounts drawn down on a credit facility provided by the parent company. Interest is charged at 12% per annum on any outstanding balances. Repayments are to be made in equal monthly instalments, with a final repayment date of July 2020. The loan is unsecured and denominated in US dollars.

### 15 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	<u>37,243</u>	<u>23,144</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.

### 16 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and not fully paid</b>		
500 Ordinary A of £1 each	500	500
1,500 Ordinary B of £1 each	1,500	1,500
250 (2017: 0) Ordinary C of £1 each	250	-
	<u>2,250</u>	<u>2,000</u>

## **PDL FINANCE LIMITED T/A MR LENDER**

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

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **16 Share capital**

**(Continued)**

All classes of shares have full rights in respect of voting, dividend and capital distribution (including on winding up). None of the classes of shares confers any right of redemption.

On 14 March 2018 the company issued 250 Ordinary C Shares of £1 each at £6,000 per share. This remains unpaid.

#### **17 Share premium account**

Consideration received for shares issued above their nominal value net of transaction costs.

#### **18 Related party transactions**

During the year, the company received advances of £905,564 (2017: £2,128,985) from its parent company and made repayments of £1,505,964 (2017: £nil). Interest is charged at 12% and £324,628 (2017: £62,098) in interest was charged and paid in the year. At the year end, the company owed £1,680,725 (2017: £2,128,985) to its parent company, all of which is unsecured.

During the year, the company paid £138,413 (2017: £141,243) to entities in which the directors of the parent entity have an interest. At the balance sheet date, the company owed £11,982 (2017: £nil) to these entities.

During the year, the company made donations of £12,540 (2017: £32,969) to Lenderhand, a charity in which two of the directors are trustees.

During the year, the company paid the following dividends;

- £465,000 (2017: £158,000) to directors and entities in which directors have an interest.
- £1,668,833 (2017: £1,275,850) to the parent company, SDJ Enterprises Limited.

#### **19 Ultimate controlling party**

The immediate and ultimate parent company is SDJ Enterprises Limited, whose registered office is Ashdon House, Second Floor, Moon Lane, Barnet, EN5 5YL.

The smallest and largest group for which consolidated accounts including the company are prepared is the one headed by SDJ Enterprises Limited; these accounts are available from the registered office.

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