

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 2020

PDL FINANCE LIMITED T/A MR LENDER

COMPANY INFORMATION

Directors	A Freeman E Nisbet J Grant D Shrier
Company number	06738633
Registered office	30 City Road London EC1Y 2AB
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB
Business address	Freeman House Langston Road Loughton IG10 3TQ

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 2020

The directors present the strategic report for the year ended 31 December 2020.

Principal Activities and Business Review

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

Fair review of the business

The net profit before taxation decreased by £4.6m to a loss before tax of £2.1m in 2020 compared with 2019 (2019: profit before tax of £2.5m).

The main focus in 2020 was to operate and sustain the business through the global COVID19 pandemic. This was to ensure customers had access to credit and existing customers that had been impacted by the pandemic were provided with options to manage their repayments.

Therefore, the following decreases were in line with expectation:

- In the year to 31 December 2020, turnover decreased by £9m to £13.5m (2019: £22.5m) constituting a 40% decrease.
- The net book value of trade debtors at the year end (including provisions for bad debts) decreased by £4.2m to £4.2m compared to the previous yearend. (2019: £8.4m).

As part of the FCA sector review, the business reviewed its historical lending. From this several customers received redress, by way of discounts or refunds. The exceptional item included in the profit and loss account of £1.7m represents these costs.

The directors were pleased with the 2020 performance despite of the unprecedented challenges of the pandemic.

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.

PDL FINANCE LIMITED T/A MR LENDER

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 fails 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.

Going Concern

The company's cash requirements for the next twelve months from the date of approval of these financial statements are adequately resourced to continue operations and to meet its liabilities.

Future Development

The global COVID19 pandemic has continued to govern the business operations, however this is being managed effectively to ensure limited impact to the business.

PDL is monitoring the situation and making changes where necessary and are confident that the robust system and controls already embedded within the company are fundamental to see them through these challenging times and a stronger future ahead.

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. The development team continues to cultivate, adapt and enhance the current platform and systems.

On behalf of the board

A Freeman

Director

22 December 2021

PDL FINANCE LIMITED T/A MR LENDER

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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 9.

There were no dividends paid out during the year. In 2019 ordinary dividends were paid amounting to £1,500,000.

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.

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
22 December 2021

PDL FINANCE LIMITED T/A MR LENDER

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

PDL FINANCE LIMITED T/A MR LENDER

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of PDL Finance Limited t/a Mr Lender (the 'company') for the year ended 31 December 2020 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 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 2020 and of its loss 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

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

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 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.

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.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

•we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the company operates;

•we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including, but not limited to, laws covering the Companies Act 2006, FCA legislation and relevant taxation legislation;

•we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting relevant documentation; and

•identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

PDL FINANCE LIMITED T/A MR LENDER

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- understanding the business model as part of the control and business environment;
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates and judgements identified in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing documentation and enquiring with the company of actual and potential non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PDL FINANCE LIMITED T/A MR LENDER

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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.

Sarah Wilson FCA (Senior Statutory Auditor)
For and on behalf of Arram Berlyn Gardner LLP

23 December 2021

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 2020

	Notes	2020 £	2019 £
Turnover	3	13,478,430	22,527,849
Cost of sales		(699,530)	(1,416,801)
Gross profit		12,778,900	21,111,048
Administrative expenses		(13,309,735)	(18,504,131)
Other operating income		194,546	-
Operating (loss)/profit	4	(336,289)	2,606,917
Interest payable and similar expenses	7	(55,482)	(131,113)
Exceptional item	8	(1,747,050)	-
(Loss)/profit before taxation		(2,138,821)	2,475,804
Tax on (loss)/profit	9	283,287	(304,473)
(Loss)/profit for the financial year		(1,855,534)	2,171,331

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 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	11	8,024		8,024	
Tangible assets	12	199,156		226,563	
			207,180		234,587
Current assets					
Debtors	13	6,841,218		10,649,473	
Cash at bank and in hand		6,703,502		4,066,472	
		13,544,720		14,715,945	
Creditors: amounts falling due within one year	14	(2,665,619)		(1,875,033)	
Net current assets			10,879,101		12,840,912
Total assets less current liabilities			11,086,281		13,075,499
Creditors: amounts falling due after more than one year	15		-		(133,684)
Net assets			11,086,281		12,941,815
Capital and reserves					
Called up share capital	17	2,250		2,250	
Share premium account	18	1,701,727		1,701,727	
Profit and loss reserves		9,382,304		11,237,838	
Total equity			11,086,281		12,941,815

The financial statements were approved by the board of directors and authorised for issue on 22 December 2021 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 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2019		2,250	1,701,727	10,566,507	12,270,484
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	2,171,331	2,171,331
Dividends	10	-	-	(1,500,000)	(1,500,000)
Balance at 31 December 2019		2,250	1,701,727	11,237,838	12,941,815
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(1,855,534)	(1,855,534)
Balance at 31 December 2020		2,250	1,701,727	9,382,304	11,086,281

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

During the year the Profit and Loss Account is showing a loss of £1.85million and the majority of this is made up of the £1.7million Exceptional Item which we draw attention to in Note 8. The Net Asset position as at 31 December 2020 amounts to £11.08million.

As a result of COVID-19, the company has changed some of the operational processes to streamline costs and adapted to new ways of working more efficiently. The forecasts in place up to December 2022 have taken these changes into consideration with a positive future anticipated.

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.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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 and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

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

Current tax

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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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 Government grants

Government grant represents the fair value of the income received or receivable from the furlough scheme introduced by the UK government due to the pandemic caused by COVID-19.

Income from the furlough scheme is recognised in the period the furlough income relates to and recorded as 'grant income'.

1.15 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.

2 Estimates and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make 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.

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.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Estimates and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Redress accrual

As disclosed in note 8 to the financial statements, the company has undertaken a review of its lending policies which has led to an estimate of the total redress amount which is payable to its customers. This calculation was based on methodology agreed with approved experts.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Interest income on short term loans	12,782,014	21,264,633
Sale of debts and leads	696,416	1,263,216
	<u>13,478,430</u>	<u>22,527,849</u>

	2020	2019
	£	£
Other significant revenue		
Grants received	<u>194,546</u>	<u>-</u>

4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	18,981	(28,036)
Government grants	(194,546)	-
Fees payable to the company's auditor for the audit of the company's financial statements	34,500	37,500
Depreciation of owned tangible fixed assets	106,579	44,671
Operating lease charges	<u>425,707</u>	<u>137,777</u>

Grants received are in respect of claims under the Coronavirus Job Retention Scheme.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees

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

	2020	2019
Operations	108	129
Administrative	29	27
	<u>137</u>	<u>156</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	4,712,739	4,914,392
Social security costs	490,033	478,549
Pension costs	65,883	64,001
	<u>5,268,655</u>	<u>5,456,942</u>

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	1,114,132	926,567
Company pension contributions to defined contribution schemes	5,240	4,764
	<u>1,119,372</u>	<u>931,331</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2019 - 4).

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

	2020	2019
	£	£
Remuneration for qualifying services	419,528	513,043
Company pension contributions to defined contribution schemes	1,310	1,191
	<u>420,838</u>	<u>514,234</u>

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable to group undertakings	55,482	131,113
	<u>55,482</u>	<u>131,113</u>

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 Exceptional item

In 2019, the FCA carried out a review of the HCC and HCSTC sector. This review encompassed all lenders and was not specific to PDL Finance Limited. The review was finalised in 2020 and led to policy updates and customer redress which was satisfied by way of discounts or refunds. The total liability of £1.7m has been recognised in the profit and loss account in 2020 as an exceptional item. At the year end, £1m of the redress remained outstanding in accruals. The liability was settled by May 2021.

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	479,277
Adjustments in respect of prior periods	(283,287)	(174,804)
Total current tax	<u>(283,287)</u>	<u>304,473</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	<u>(2,138,821)</u>	<u>2,475,804</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(406,376)	470,403
Tax effect of expenses that are not deductible in determining taxable profit	116,421	42,674
Adjustments in respect of prior years	(283,287)	-
Capital allowances in excess of depreciation	(17,845)	(33,800)
Research and development tax credits claimed in respect of prior years	-	(174,804)
Tax losses carried back	307,800	-
Taxation (credit)/charge for the year	<u>(283,287)</u>	<u>304,473</u>

10 Dividends

	2020 £	2019 £
Final paid	<u>-</u>	<u>1,500,000</u>

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Intangible fixed assets

	Website design and build	Trademark	Total
	£	£	£
Cost			
At 1 January 2020 and 31 December 2020	246,446	8,024	254,470
Amortisation and impairment			
At 1 January 2020 and 31 December 2020	246,446	-	246,446
Carrying amount			
At 31 December 2020	-	8,024	8,024
At 31 December 2019	-	8,024	8,024

12 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2020	598,095	487,358	1,085,453
Additions	33,700	45,472	79,172
At 31 December 2020	631,795	532,830	1,164,625
Depreciation and impairment			
At 1 January 2020	442,287	416,603	858,890
Depreciation charged in the year	65,163	41,416	106,579
At 31 December 2020	507,450	458,019	965,469
Carrying amount			
At 31 December 2020	124,345	74,811	199,156
At 31 December 2019	155,808	70,755	226,563

13 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	4,163,106	8,402,071
Unpaid share capital	1,500,000	1,500,000
Corporation tax recoverable	283,287	-
Other debtors	36,247	-
Prepayments and accrued income	858,578	747,402
	6,841,218	10,649,473

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	281,050	353,721
Amounts owed to group undertakings	176,278	576,945
Corporation tax	195,213	124,081
Other taxation and social security	128,689	224,424
Other creditors	1,146,315	23,839
Accruals and deferred income	738,074	572,023
	<u>2,665,619</u>	<u>1,875,033</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. The loan is unsecured and denominated in US dollars. The loan was fully repaid in April 2021.

15 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Loans from group undertakings	-	133,684
	<u>-</u>	<u>133,684</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. The loan is unsecured and denominated in US dollars. The loan was fully repaid in April 2021.

16 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	65,883	64,001
	<u>65,883</u>	<u>64,001</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.

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital				
Issued and not fully paid				
Ordinary A of £1 each	500	500	500	500
Ordinary B of £1 each	1,500	1,500	1,500	1,500
Ordinary C of £1 each	250	250	250	250
	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>	<u>2,250</u>

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 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.

18 Share premium account

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

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	442,241	356,877
Between two and five years	1,975,200	1,923,439
In over five years	1,975,200	2,420,084
	<u>4,392,641</u>	<u>4,700,400</u>

20 Related party transactions

During the year, the company repaid £534,206 (2019: £970,096.) on the loan provided by its parent company. Interest is charged at 12% and £55,482 (2019: £113,113) in interest was charged and paid in the year. At the year end, the company owed £176,278 (2019: £710,629) to its parent company, all of which is unsecured.

During the year, the company paid £175,912 (2019: £141,010) to entities in which the directors of the parent entity have an interest. At the balance sheet date, the company owed £33,084 (2019: £11,583) to these entities and was owed £36,208 (2019: £nil) by these entities.

During the year, the company made donations of £6,592 (2019: £21,398) to Lenderhand, a charity in which two of the directors are trustees.

During the year, the company paid the following dividends;

- £nil (2019: £423,333) to directors and entities in which directors have an interest.
- £nil (2019: £1,076,667) to the parent company, SDJ Enterprises Limited.

PDL FINANCE LIMITED T/A MR LENDER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 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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