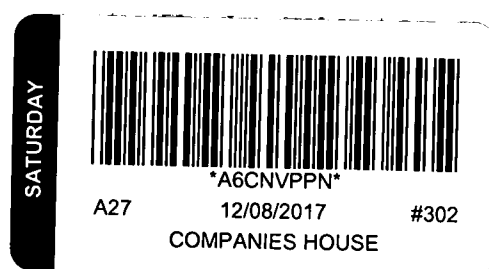


PROGRESSIVE MONEY LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2016



**PROGRESSIVE MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS 2016**

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PROGRESSIVE MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Beaver
S Brilus
K Turtill
R Russel-Fisher (Appointed 22nd Feb 2016)

REGISTERED OFFICE

8 St John Street
Manchester
M3 4DU

BANKERS

Royal Bank of Scotland PLC
280 Bishopgate
London
EC2M 4RB

Shawbrook Bank Limited
8 Nelson Mandela Place
Glasgow
G2 IBY

AUDITOR

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

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

The audited financial statements for the year ended 31 December 2016 are set out on pages 8 to 17.

The principal activity of the Company is the provision of unsecured personal loans to customers who are resident in the UK and do not have access to high street credit. Consumer confidence remains strong and therefore there is a continuing opportunity to offer appropriate lending solutions to customers requiring loans but who are unable to access credit either due to problematic historical credit records. The Company is well placed to serve these segments of the market thanks to its access to capital, ongoing development of broker relationships and other marketing channels, and investment in operational resources.

The Company generated turnover of £752,272 (2015: £206,946) and reported an operating profit of £178,057 (2015: £126,221 Loss).

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

The Company has always been committed to the adherence to best practice and during 2016 the Group continued to review its operating procedures and structures to ensure that it meets the high standards required by the Financial Conduct Authority ("FCA").

The Company received all necessary full authorisations from the FCA on the 29th February 2016.

KEY PERFORMANCE INDICATORS

The business measures performance against a number of key indicators. These include new business lending volumes which grew by 340% year on year and ensuring appropriate levels of cost as a proportion of income which in the current year reduced from 161% to 76%. The latter reflects both the early stages of the loan book growth and the investment by the business in the infrastructure and resourcing needed to meet continued expansion plans.

PRINCIPAL RISKS & UNCERTAINTIES

The Company's financial instruments, other than short term debtors and creditors, comprise cash balances, a secured loan facility, and loan notes from the Parent undertaking, Darwin Loan Solutions Limited. The Company does not trade in financial instruments nor does it enter into any derivative transactions.

The main risks to the Company and the policies adopted by the Directors to minimise their effects on the Company, are as follows:

Interest rate, cash flow and liquidity risk

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

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

Credit risk

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

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

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT (CONTINUED)

Regulatory and taxation risk

The Directors constantly monitor the external environment and adapt business practice to ensure that such risks are effectively managed, and that business practice remains fully compliant with all relevant laws and regulations.

The accounts reflect the effective rate of taxation in the current year based on laws enacted or substantially enacted at the balance sheet date. The Directors do not envisage that tax regulation will materially change in the forthcoming year.

SOCIAL RESPONSIBILITY

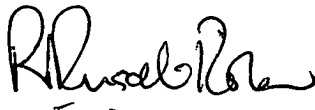
The Company has considered its activities and their impact in all respects. The Company is committed to ensuring that it delivers value to its customers in a way that is both socially and environmentally acceptable and sustainable. The Company similarly has a socially responsible approach to employment policies with family-friendly working being introduced wherever possible. It is the Company's policy to consider all employment applications, and to provide access to training, and offer career development and promotion opportunities to employees.

FUTURE DEVELOPMENTS

The Directors expect that new lending activity will continue to grow over the forthcoming year through the ongoing development of acquisition channels and the investment in business infrastructure. The business is well placed to take advantage of the forecast growth in the consumer lending market.

The Company will seek to invest in technologies which will improve process efficiency for both consumers and the business.

Approved by the Board of Directors and signed on behalf of the Board on 9th June 2017.



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

PROGRESSIVE MONEY LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the audited financial statements and the auditor's report, for the year ended 31 December 2016. No significant events since the balance sheet date have occurred up to the date of issuing this report. An indication of likely future developments in the business as well as the principal risks facing the Company are included within the Strategic Report.

Information about the use of financial instruments by the Company is given in note 12.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

GOING CONCERN

The details of the Company's borrowing facilities are detailed in note 11 to the financial statements. The Company has a policy of continually reviewing its current and future borrowing requirements. The Directors have a reasonable expectation that facilities will continue to be secured for the foreseeable future and have therefore adopted a going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENT

On 10th April 2017 the Company amended and extended the senior revolving credit facilities which will provide sufficient capital resource to facilitate the growth anticipated within the current business plan.

DIVIDENDS

The Company did not pay a dividend during the financial year (2015: nil).

AUDITOR

A resolution for the reappointment of the auditor will be proposed at the next Annual General Meeting.

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 9th June 2017.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of certain disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Further details of reduced disclosures can be found in note 1.



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

PROGRESSIVE MONEY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Progressive Money Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

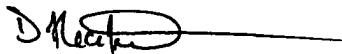
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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

Matters on which we are required to report by exception

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.



David Heaton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
9 June 2017

PROGRESSIVE MONEY LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2016

		2016	2015
	Note	£	£
TURNOVER	1	753,272	206,946
Administrative expenses		(575,215)	(333,167)
OPERATING PROFIT/(LOSS)		178,057	(126,221)
Interest payable	4	(135,257)	(894)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	42,800	(127,115)
Tax due on profit/(loss) on ordinary activities	6	(7,269)	25,741
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		35,531	(101,374)

All results are derived from continuing operations.

There are no recognised gains and losses for the current or preceding financial year, other than as stated above.

There is no other comprehensive income for the current or preceding financial year, as such no statement of other comprehensive income has been presented.

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

PROGRESSIVE MONEY LIMITED

BALANCE SHEET

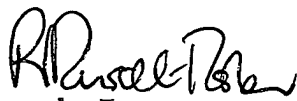
As at 31 December 2016

		2016	2015
	Note	£	£
FIXED ASSETS	7	10,794	4,340
CURRENT ASSETS			
Debtors due within one year	8	960,989	352,870
Cash at bank and in hand		260,325	115,444
		<u>1,221,314</u>	<u>468,314</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,720,271)</u>	<u>(66,987)</u>
NET CURRENT ASSETS		<u>(498,957)</u>	<u>401,327</u>
Debtors due after one year	8	7,556,686	1,610,569
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,068,523</u>	<u>2,016,236</u>
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	10	<u>(4,559,197)</u>	<u>(400,000)</u>
NET ASSETS		<u><u>2,509,326</u></u>	<u><u>1,616,236</u></u>
FINANCED BY:			
Creditors: Amounts falling due after more than one year	10	2,620,000	1,770,000
Called up share capital	13	10	10
Profit and loss account		<u>(110,684)</u>	<u>(153,774)</u>
CAPITAL EMPLOYED		<u><u>2,509,326</u></u>	<u><u>1,616,236</u></u>

Company registration number: 6113307

These financial statements were approved by the Board of Directors on 9th June 2017.

Signed on behalf of the Board of Directors



R Russel-Fisher
Director

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

PROGRESSIVE MONEY LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2016

	Share Capital £	Profit and Loss £	Total £
Balance at 31st December 2014	10	(52,400)	(52,400)
Changes in equity			
Loss for the financial year	-	(101,374)	(101,374)
Balance at 31st December 2015	10	(153,774)	(153,764)
Changes in equity			
Loss for the financial year	-	35,531	35,531
Balance at 31st December 2016	10	(118,243)	(148,233)

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. ACCOUNTING POLICIES

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

General information and basis of accounting

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions and related party exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Darwin Loan Solutions Limited. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

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

Going concern

As outlined in the Directors' Report, these financial statements have been prepared on a going concern basis. The Company receives the continuing support of its shareholders, and the Directors have a reasonable expectation that facilities will continue to be secured for the foreseeable future and have therefore adopted a going concern basis in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of VAT. Turnover on customer receivables consists of interest received and upfront arrangement fees. Interest and arrangement fee income is incorporated into the total value of the loan and is spread over the expected life of the loan in line with the Effective Interest rate ("EIR").

Financial Instruments

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

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

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

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

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

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

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

Fixtures and fittings	5 years straight line
Computer equipment & software	3 years straight line

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more, tax. Deferred tax assets are recognised only to the extent that the Directors considers that it is more likely than not that there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Key source of estimation uncertainty – impairment of loan receivables

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

3. STAFF COSTS

	2016 £	2015 £
Wages and salaries	375,758	229,138
Social security costs	35,719	18,060
	<u>411,477</u>	<u>247,198</u>

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

4. STAFF COSTS (CONTINUED)

The average monthly number of persons employed by the Company during the year was as follows:

	2016 Number	2015 Number
Administrative staff	15	9

There were no Directors emoluments for the year as the Directors were remunerated through Evolution Money Limited.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest	135,257	894
	<u>135,257</u>	<u>894</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

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

7. TAXATION

Analysis of the tax charge

The tax due on the profit/(loss) on ordinary activities for the year was as follows:

	2016 £	2014 £
Current tax due on profit/(loss) on ordinary activities:		
UK corporation tax due	7,269	(25,741)
Adjustment in respect of prior periods	-	-
Total current tax due	<u>7,269</u>	<u>(25,741)</u>

Factors affecting the tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit/(Loss) on ordinary activities before tax	<u>42,800</u>	<u>(127,115)</u>
Profit/(Loss) on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 20% (2015: 20.25%)	<u>8,560</u>	<u>(25,741)</u>
Effects of:		
Expenses not deductible for tax purposes	677	-
Capital Allowances greater than depreciation	(1,968)	-
Total tax charge for the period	<u>7,269</u>	<u>(25,741)</u>

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

8. TANGIBLE FIXED ASSETS

The movement in the year was as follows:

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
At 1 January 2016	7,800	720	8,520
Additions	9,840	-	9,840
	<u>17,640</u>	<u>720</u>	<u>18,360</u>
At 31 December 2016			
Depreciation			
At 1 January 2016	4,100	80	4,180
Charge for the year	3,146	240	3,387
	<u>7,246</u>	<u>320</u>	<u>7,567</u>
At 31 December 2016			
Net book value			
At 31 December 2016	<u>10,394</u>	<u>400</u>	<u>10,794</u>
At 31 December 2015	<u>3,700</u>	<u>640</u>	<u>4,340</u>

9. DEBTORS

	2016 £	2015 £
Gross amounts receivable from unsecured loan customers	9,031,473	1,982,077
Allowance for doubtful debts	(571,679)	(69,628)
Net amounts receivable from secured loan customers	8,459,794	1,912,449
Prepayments & accrued income	17,506	10,906
Tax receivable	40,375	40,084
Balance at the end of the period	<u>8,517,675</u>	<u>1,963,439</u>

Included within amounts due from customers is an amount of £7,556,686 (2015: £1,610,569) which is due after more than one year.

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

Movement in the allowance for doubtful debts:

	2016 £	2015 £
Balance at the beginning of the period	69,628	10,000
Net Impairment recognised in the year	502,051	59,628
Balance at the end of the period	<u>571,679</u>	<u>69,628</u>

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

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Amounts owed to group companies	1,632,698	25,424
Accruals and deferred income	87,573	41,563
	<u>1,720,271</u>	<u>66,987</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Revolving bank loans	4,559,197	400,000
Loan notes from parent undertaking	2,620,000	1,770,000
	<u>7,179,197</u>	<u>2,170,000</u>

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

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

	2016 £	2015 £
Between two and five years	<u>7,179,197</u>	<u>2,170,000</u>

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

12. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

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

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

13. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

	2016 £	2015 £
Financial assets		
Cash and bank balances	260,325	115,444
Net loans and receivables	8,459,794	1,952,533
Financial liabilities		
Bank Loan	4,559,197	400,000

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

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

Financial risk management objectives

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

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates on its debt instruments that are linked to the Bank of England base rate. In order to manage its exposure to this risk, the Company has the option of increasing the interest rates charged on its loan made to customers. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

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

Credit risk management

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

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

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

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

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

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2016

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and other credit exposures

	<u>Maximum credit risk</u>	
	2016	2015
	£	£
Loan receivables	9,031,473	1,982,077

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

Liquidity risk management

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

Liquidity and interest risk tables

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

	1-3 years £	3+ years £	Total £
31 December 2015			
Variable interest rate instruments	400,000	-	400,000
Loan notes from parent undertaking	-	1,770,000	1,770,000
	<u>400,000</u>	<u>1,770,000</u>	<u>2,170,000</u>
31 December 2016			
Variable interest rate instruments	4,559,196	-	4,559,197
Loan notes from parent undertaking	-	2,620,000	2,620,000
	<u>4,559,196</u>	<u>2,620,000</u>	<u>7,179,197</u>

13. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted and called up:		
10 ordinary shares of £1 each	<u>10</u>	<u>10</u>

14. ULTIMATE CONTROLLING PARTY

The Company is a 100% subsidiary of Darwin Loan Solutions Limited, a company under the control of T J O'Neill. The Company's results are included in the consolidated group accounts of Darwin Loan Solutions Limited which are available to the public from Companies House, Crown Way, Cardiff. The Company has not disclosed those balances arising from transactions with Darwin Loan Solutions Limited or its fellow 100% owned subsidiaries.