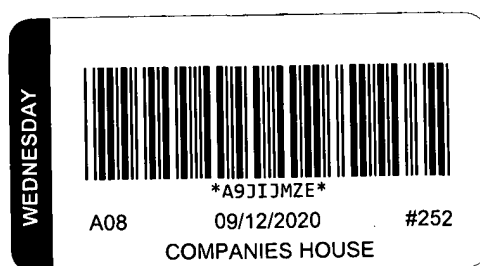


Company Registration No. 8120061

PROGRESSIVE MONEY LIMITED
Annual Report and Financial Statements
For the period ended 31 March 2020



**PROGRESSIVE MONEY LIMITED
REPORT AND FINANCIAL STATEMENTS 2019**

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	7
Independent auditor's report	8
Profit and loss account	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

PROGRESSIVE MONEY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Montgomery
S Brilus
K Turtill
R Russel-Fisher

REGISTERED OFFICE

9 Portland Street
Manchester
M1 3BE

BANKERS

NatWest-PLC
250 Bishopsgate
London
EC2M 4AA

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 period ended 31 March 2020 are set out on pages 11 to 21.

The change in the financial period end, from December to March means these accounts represent a 15 month period which is comparable to a 12 month period for 2018.

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

The Company generated turnover of £7.4m (2018: £7.2m) and reported an operating profit of £1.7m (2018: £2.1m profit).

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

Due to the COVID-19 pandemic, the UK Government imposed a nationwide lockdown on the 23rd March 2020. The Group quickly adapted and homeworking was established for 100% of the workforce.

The Government subsequently introduced a number of financial support schemes to help individuals that had been directly or indirectly impacted by COVID-19. The activities of the Group are regulated by the Financial Conduct Authority ("FCA") which introduced guidance requiring firms to offer payment deferrals of up to 6 months to those individual customers requiring financial forbearance as a result of COVID-19.

Due to the close proximity of lockdown to the period ending 31 March 2020, the reported results remain broadly in line with expectations, with the exception of impairment provisioning which includes an estimation of future losses as a result of COVID-19.

Subsequent Events

COVID-19 is considered to be an adjusting event as the UK lockdown was imposed within the financial reporting period ending 31 March 2020. The key consideration for the business is the estimation of appropriate impairment levels under the FRS102 incurred loss model. The results have been adjusted to take account of the impact on those customers adversely affected by the economic uncertainty triggered by the COVID-19 lockdown.

From 20 March 2020 to 31 July 2020 approximately 14% of existing customers had requested a payment deferral period. As at 1 August 2020 more than 50% of these customers had returned to full contractual payments with the majority of the remainder still within their initial or extended payment deferral period. Of those customers who had completed the payment deferral period but not resumed payment, the vast majority had already been in arrears prior to COVID-19 and were therefore already displaying signs of financial distress.

Due to the close proximity of the UK lockdown and the period ending 31 March 2020, the business has delayed estimating the impairment provisioning requirement for as long as possible to gather as much data as possible on post period-end customer performance. Taking this into consideration, the business has applied a COVID-19 provisioning uplift of £128k together with a normalised provision of £2.3m.

The UK's decision to leave the European Union (Brexit) has led to instability in the UK economy and capital markets, and therefore presents a risk to the business, the impact of which will be discussed in the Directors Report.

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.

PROGRESSIVE MONEY LIMITED

STRATEGIC REPORT (CONTINUED)

FUTURE DEVELOPMENTS

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

Approved by the Board of Directors and signed on behalf of the Board on 28 September 2020.

A handwritten signature in black ink, appearing to read 'R Russel-Fisher', with a stylized flourish at the end.

R Russel-Fisher
Director
9 Portland Street
Manchester
M1 3BE

PROGRESSIVE MONEY LIMITED

DIRECTORS' REPORT

DIRECTORS

The Directors who served during the period, and to the date of this report are set out below:

M Montgomery

S Brilus

K Turtill

R Russel-Fisher

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 period ended 31 March 2020.

Information about the use of financial instruments by the Company is given in note 11

DIRECTORS' INDEMNITIES

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

PRINCIPAL RISKS & UNCERTAINTIES

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

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

Interest rate, cash flow and liquidity risk

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

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

Credit Risk

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

The Company has strong and effective control over credit risk 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.

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 period based on laws enacted or substantially enacted at the balance sheet date. The Directors do not envisage that tax regulation will materially change in the forthcoming year.

COVID-19 Risk

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

PROGRESSIVE MONEY LIMITED

DIRECTORS' REPORT (CONTINUED)

COVID-19 Risk (continued)

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

The Company has secured loan facilities through until March 2021 and has strong cash reserves therefore the availability of funding does not present a risk to the business.

Brexit risk

The UK's EU referendum on 23 June 2016 resulted in a decision to leave the EU (Brexit) and the UK withdrew on 31st January 2020.

Brexit has led to instability in the UK economy and capital markets, however, there has not been any significant impact on the Company to date.

Potential consequences for the Company would most likely be in the event of a macroeconomic downturn, including the possibility of higher unemployment and increased living costs.

The Company has taken precautionary measures by tightening lending criteria; however, the non-standard financing sector has a higher degree of losses under normal conditions and therefore the impact of an economic decline will be comparatively lower.

The Group has reached agreement with its lenders to protect future capital requirements by refinancing all facilities to increase commitment and extend maturity to May 2022.

GOING CONCERN

Having considered the impact of the factors outlined below, including cash flow and liquidity requirements of the company, and the Company's forecasts, the Directors expect that the business will continue for a period of at least twelve months from the date of approval of the financial statements and the Company will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

- £634k of cash balances as at 31 July 2020
- Committed debt facilities to support the run-off of the book, including the cross collateralisation of the Evolution Lending facilities
- Strong collections from customers exiting payment holidays and also those customers that have not been affected by COVID-19
- Less than 10% of the book remain in a payment holiday as of 31 July 2020
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses
- The ability to maintain 100% business as usual functionality in the event another lockdown is imposed

FUTURE DEVELOPMENTS

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

DIVIDENDS

The Company did not pay a dividend during the financial period (prior period: nil), and no dividends are currently proposed.

AUDITOR

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

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

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

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

PROGRESSIVE MONEY LIMITED

DIRECTORS' REPORT (CONTINUED)

APPROVAL OF REDUCED DISCLOSURES

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

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

Approved by the Board of Directors and signed on behalf of the Board on **28** September 2020.



R Russel-Fisher
Director
9 Portland Street
Manchester
M1 3BE

PROGRESSIVE MONEY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

PROGRESSIVE MONEY LIMITED

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Progressive Money Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the 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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

PROGRESSIVE MONEY LIMITED

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

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.

We have nothing to report in respect of these matters.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

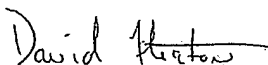
We have nothing to report in respect of these matters.

PROGRESSIVE MONEY LIMITED

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Heaton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
28th September 2020

PROGRESSIVE MONEY LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 March 2020

		15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	Note	£	£
TURNOVER	1	7,420,170	7,241,017
Administrative expenses		(5,731,704)	(5,139,010)
OPERATING PROFIT		1,688,466	2,102,007
Interest Payable	4	(1,856,026)	(1,766,486)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(167,560)	335,521
Tax credit/(charge) due on (loss)/profit on ordinary activities	6	29,640	(52,021)
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		<u>(137,920)</u>	<u>283,500</u>

All results are derived from continuing operations.

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

There is no other comprehensive income for the current or preceding financial period, 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

Period ended 31 March 2020

		15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	Note	£	£
FIXED ASSETS	7	-	160,220
CURRENT ASSETS			
Debtors due within one year	8	1,033,094	2,157,617
Cash at bank and in hand		824,754	874,113
		<u>1,857,848</u>	<u>3,031,730</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,436,937)</u>	<u>(4,319,009)</u>
NET CURRENT ASSETS		420,911	(1,287,279)
Debtors due after one year	8	9,611,522	21,473,496
TOTAL ASSETS LESS CURRENT LIABILITIES		10,032,433	20,346,437
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	10	<u>(7,811,392)</u>	<u>(17,987,476)</u>
NET ASSETS EXCLUDING SHAREHOLDER LOAN NOTES		<u>2,221,041</u>	<u>2,358,961</u>
FINANCED BY:			
Creditors: Amounts falling due after more than one year	10	1,810,000	1,810,000
Called up share capital	12	10	10
Profit and loss account		<u>411,031</u>	<u>548,951</u>
CAPITAL EMPLOYED		<u>2,221,041</u>	<u>2,358,961</u>

Company registration number: 8120061

These financial statements were approved by the Board of Directors on 28 September 2020.

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
Period ended 31 March 2020

	Share Capital £	Profit and Loss £	Total £
Balance at 31 December 2017	10	277,179	277,189
Changes in equity			
Profit for the financial period	-	271,772	271,772
Balance at 31 December 2018	10	548,951	548,961
Changes in equity			
Profit for the financial period	-	(137,920)	(137,920)
Balance at 31 March 2020	10	411,031	411,041

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2020

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Progressive Money Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

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

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

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

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

Going concern

As at 31 March 2020 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

- £634k of cash balances as at 31 July 2020
- Committed debt facilities to support the run-off of the book, , including the cross collateralisation of the Evolution Lending facilities
- Strong collections from customers exiting payment holidays and also those customers that have not been affected by COVID-
- Less than 10% of the book remain in a payment holiday as of 31 July 2020
- Stressed financial forecasts demonstrating that the business can absorb an increase in losses
- The ability to maintain 100% business as usual functionality in the event another lockdown is imposed

Having considered the impact of the points detailed above, including cash flow and liquidity requirements of the company, and the Company's forecasts, the directors expect that the business will continue for a period of at least twelve months from the date of approval of the financial statements and the company will be able to meet its liabilities as they fall due. Accordingly, the financial statements have been prepared on a going concern basis of accounting.

Turnover

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

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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

1. ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

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 uncollectability. The amount of impairment loss is calculated on a portfolio basis by reference to arrears stages.

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

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

Impairment of receivables

The Group regularly assesses whether there is evidence that financial assets are impaired. Financial assets are impaired and impairment losses recognised if, and only if, there is objective evidence of impairment of one or more loss events that have occurred after the initial recognition of assets and prior to the reporting date and that have had an impact on the estimated future cash flows of the financial assets that can be reliably estimated. For loans and receivables, the amount of the loss is recognised as the difference between the loan's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. Impairment losses and any subsequent reversals are recognised in the income statement.

Borrowing

Borrowings are recognised initially at fair value, being their issue proceeds net of any transaction costs incurred. Borrowings are stated subsequently at amortised cost.

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:

Fixture 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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

No critical accounting judgements have been made in the process of applying the Company's accounting policies that would have a significant effect on the amounts recognised in the financial statements.

Critical judgements and key sources of estimation uncertainty - impairment of loan receivables

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

The provision for the period ending 31 March 2020 was £2.3m, and a further impairment provision of £128k has been estimated to reflect any anticipated uptick in losses due to COVID-19.

The COVID-19 provisioning requirement at the period ending 31 March 2020 has been estimated by reference to those customers that had requested a payment holiday throughout March and April 2020. Customers entering into a payment holiday from 1 May 2020 are not considered to have suffered a loss event at the period ending 31 March 2020, and therefore no further provision has been recognised against these accounts. This judgement is not material to the financial statements.

The additional impairment provision has been estimated by reference to the collections performance of those customers that have exited a payment holiday as of 31 July 2020.

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

If the assumptions made in the estimation of the COVID-19 provision were to deteriorate by 2x, an additional impairment provision of £156k would be required.

3. STAFF COSTS

The Company did not employ any staff directly in the current or prior year, but instead was a party to an originating and servicing agreement with a related party, Evolution Money Limited under which that Company provides administrative and marketing services. There were no Directors' emoluments for the period as the Directors were remunerated through Evolution Money Limited.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	£	£
Bank interest	1,856,026	1,766,486
	<u>1,856,026</u>	<u>1,766,486</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no audit fees/non audit fees for the period 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.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

6. TAXATION

Analysis of the tax (credit)/charge

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

	15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	£	£
Current tax due on profit on ordinary activities:		
UK corporation tax due	(31,836)	46,490
Adjustment in respect of prior periods	2,196	5,531
Total current tax due	(29,640)	52,021

Factors affecting the tax charge

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

	15 Month Period to 31 Mar 2020	12 Month Period to 31 Dec 2018
	£	£
(Loss)/Profit on ordinary activities before tax	(167,560)	335,521
(Loss)/Profit on ordinary activities multiplied by the applicable rate of	(31,836)	63,749
Effects of:		
Expenses not deductible for tax purposes	-	9,852
Capital Allowances greater than depreciation	-	(27,111)
Adjustment in respect of prior periods	2,196	5,531
Impact of change in rates	-	-
Total tax (credit)/charge for the period	(29,640)	52,021

7. TANGIBLE FIXED ASSETS

The movement in the period was as follows:

	Computer Equipment	Fixtures & fittings	Total
	£	£	£
Cost			
At 01 January 2019	249,114	720	249,834
Disposals	(249,114)	(720)	(249,834)
At 31 March 2020	-	-	-
Depreciation			
At 01 January 2019	88,894	720	89,614
Disposals	(88,894)	(720)	(89,614)
At 31 March 2020	-	-	-
Net book value			
At 31 March 2020	-	-	-
At 31 December 2018	160,220	-	160,220

Assets were transferred to fellow subsidiary Evolution Money Limited.

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

8. DEBTORS

	31 Mar 2020	31 Dec 2018
	£	£
Gross amounts receivable from unsecured loan customers	12,981,878	26,516,886
Allowance for doubtful debts	(2,426,772)	(2,909,078)
Net amounts receivable from secured loan customers	10,555,106	23,607,808
Prepayments & accrued income	622	12,742
Tax receivable	88,888	10,563
Balance at the end of the period	<u>10,644,616</u>	<u>23,631,113</u>

Included within amounts due from customers is an amount of £9,611,522 (31 Dec 2018: £21,473,496) 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:

	31 Mar 2020	31 Dec 2018
	£	£
Balance at the beginning of the period	2,909,078	1,680,426
Net Impairment recognised in the period	(482,306)	1,228,652
Balance at the end of the period	<u>2,426,772</u>	<u>2,909,078</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.

The impairment charge for the period is included within administrative expenses.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Mar 2020	31 Dec 2018
	£	£
Amounts owed to group companies	1,380,119	4,093,877
Corporation Tax	-	-
Accruals and deferred income	56,818	225,132
	<u>1,436,937</u>	<u>4,319,009</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 Mar 2020	31 Dec 2018
	£	£
Revolving bank loans	7,811,392	17,987,476
Loan notes from parent undertaking	1,810,000	1,810,000
	<u>9,621,392</u>	<u>19,797,476</u>

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

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

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:

	31 Mar 2020 £	31 Dec 2018 £
Between two and five years	<u>9,621,392</u>	<u>19,797,476</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.

11. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 31 Dec 2018.

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

Categories of financial instruments

	2019 £	2018 £
Financial assets		
Cash and bank balances	824,754	874,113
Net loans and receivables	10,555,106	23,607,808
Financial liabilities		
Bank Loan	7,811,392	17,987,476

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

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

Financial risk management objectives

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

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates on its debt instruments that are linked to the Bank of England base rate. In order to reduce its exposure to this risk the Company continues to assess rates offered on loans made to customers taking into account anticipated changes in wholesale interest rates and the consumer credit environment. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

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

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

11. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk management

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

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

The Company does not have any significant credit risk exposure to any single customer or any group of customers having similar characteristics.

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

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

Financial assets and other credit exposures

	Maximum credit risk	
	2019	2018
	£	£
Loan receivables	10,555,106	23,607,808
Cash and bank balances	824,754	874,113

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
	£	£	£
At 31 December 2018			
Variable interest rate instruments	(17,987,476)	-	(17,987,476)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	12,362,121	11,245,687	23,607,808
	<u>(5,625,355)</u>	<u>9,435,687</u>	<u>3,810,332</u>
At 31 March 2020			
Variable interest rate instruments	(7,811,392)	-	(7,811,392)
Loan notes from parent undertaking	-	(1,810,000)	(1,810,000)
Loan Receivables	6,309,259	4,245,847	10,555,106
	<u>(1,502,133)</u>	<u>2,435,847</u>	<u>933,714</u>

PROGRESSIVE MONEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 March 2020

12. CALLED UP SHARE CAPITAL

	2019	2018
	£	£
Allotted and called up:		
10 ordinary shares of £1 each	<u>10</u>	<u>10</u>

13. ULTIMATE CONTROLLING PARTY

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

14. SUBSEQUENT EVENTS

COVID-19 is considered to be an adjusting event as the UK lockdown was imposed within the financial reporting period ending 31 March 2020. The key consideration for the business is the estimation of appropriate impairment provisioning levels under the FRS102 incurred loss model. The results have been adjusted to consider those customers impacted by the economic uncertainty triggered by the COVID-19 lockdown.

In the application of the Group's critical judgements and key sources of estimation uncertainty, as detailed in note 2, COVID-19 has been specifically considered in relation to the impairment of loan receivables. A further impairment provision of £127k has been estimated to reflect the anticipated increase in losses due to COVID-19.

The COVID-19 provisioning requirement at the period ending 31 March 2020 has been estimated by reference to those customers that had requested a payment holiday throughout March and April 2020. Customers entering into a payment holiday from 1 May 2020 are not considered to have suffered a loss event at the period ending 31 March 2020, and therefore no further provision has been recognised against these accounts. This judgement is not material to the financial statements.

The additional impairment provision has been estimated by reference to the collections performance of those customers that have exited a payment holiday as of 31 July 2020.

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

The business has performed comparatively well throughout the lockdown period, which is predominantly attributable to the quality and depth of the initial underwrite followed by a strong relationship that the business establishes with each customer. The business has worked personally with each customer through regular contact to ensure appropriate levels of forbearance are offered and fair outcomes are achieved.

As at 31 August 2020, the number of customers in a payment holiday was 6.3% and the majority of customers that had exited a payment holiday had resumed full contractual repayments. On this basis, the business considers that the COVID-19 provisioning approach taken is prudent, however the logic is well balanced and therefore provides a good level of assurance in the current climate.