Ultimate Invoice Finance Limited

Report and Financial Statements

for the year ended

31 December 2014

Company Number 04325262

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Ultimate Invoice Finance Limited

Report and financial statements
for the year ended 31 December 2014

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Corporate information

Country of incorporation of company

United Kingdom

Legal form

Private limited company

Directors at the date of this report

D Blain	(resigned 28 July 2015)
J Brooke	(resigned 28 July 2015)
J Coombes	
D Jewell	
C Lewis	
R Robson	(appointed 28 July 2015)

Secretary and registered office

N McMyn, 1 West Point Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PY

Company number

04325262

Auditors

Deloitte LLP, 2 Hardman Street, Manchester M3 3HF

Principal Bankers

Lloyds TSB Bank Plc, PO Box 112, Canons Way, Bristol, BS99 7LB

Company Offices

1 West Point Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PY

Website

www.ultimatefinance.co.uk

Email address

info@ultimatefinance.co.uk

Strategic report

Principal activity and nature of business
Ultimate Invoice Finance provides invoice, transport and recruitment finance to UK SMEs and assists businesses manage cash flows. Invoice finance includes invoice discounting and factoring and offers SMEs immediate cash advances against unpaid invoices. Transport and recruitment finance are tailored versions of invoice factoring/discounting targeted for the special needs of transport and recruitment companies. All products have performed in line with management expectations during the period and continued investment in these and new products are expected to increase our penetration of the SME market.

Outturn
On pro-rata basis, the company revenue decreased during the year by 3% with management focus to increase market expansion to north of England and to Scotland. Focus on future growth increased the overall administrative expenses and generated further loss before the tax for period of £1,387k (18 month period 2013: £620k). During the year, Management of Ultimate Invoice Finance identified and quantified an accounting error which led to unrecorded liabilities. Accordingly, the results for the period ended 31 December 2013 have been restated, see Note 10.

Financial highlights:

- Number of clients up by 23% to 366 (2013: 297)
- Net funds in use (FIU) increased by 50% to £37m (2013: £24m)
- FIU in collect out and impaired decreased to £935k (2013: £1,341k)

Principal risks and uncertainties
A high level summary of the key business risks facing the Company and the management actions that currently mitigate them to an acceptable level is provided below:

	Business risk	Mitigating management actions
Credit risk	The risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.	Careful and tight underwriting criteria. Process of constant monitoring of the client's credit situation including review of debtor concentration and validation checks on significant exposures. Swift follow up action taken on any delinquent payers. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of specific loans and other receivables.
Liquidity risk	The risk to insolvency arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. The Company funds its business through its arranged back to back funding with third parties but is also dependent upon finance provided by its ultimate parent company in order to provide financing to its clients.	The Company seeks to mitigate this risk by investigating alternative sources of finance which are, or might become, available to the Company and by keeping its funding and working capital position under review.
Market risk	The risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The Company does not have significant exposure to currency risk or interest rate risk as external borrowings and loans to customers are made on a fixed rate basis.

Operational risk	The activities of the Company subject it to operational risks relating to its ability to implement and maintain effective systems to process the high volume of transactions with customers. A significant breakdown of the IT systems of the Company might adversely impact the ability of the Company to operate its business effectively.	The Company has a business continuity plan which is kept under regular review and is designed to ensure that any breakdown in systems would not cause significant disruption to the business. The Company plans significant expenditure on IT systems in the future. The control environment that manages risk will be strengthened and strong project governance for IT will be implemented.
Competitor risk	The Company faces competition in the markets in which it operates. There is a danger that its planned growth and profitability may be impaired.	The Company mitigates this risk for its current operation by maintaining relationships with its customers, business introducers, and other significant participants in the markets in which it is active. The Company has a small market share at present and, in planning its future business, is taking competitive factors into account.
Management	The success of the Company is dependent on recruiting and retaining skilled senior management personnel and failure to do so would put the Company's ability to successfully carry out its plans at risk.	The Company's employment policies are designed to mitigate this exposure and ensure that an appropriately skilled workforce is and remains in place.

Outlook
The Board remains confident about the outlook for the business (and its part in the Group structure) and its ambition to be a major player in the SME finance arena. This will be achieved by strategic expenditure in the areas of technology, marketing and management, in order to achieve significant future growth.

Going concern
The principal risks and uncertainties affecting the company and the steps taken to mitigate these risks are described above. Critical accounting assumptions and key sources of estimation and uncertainty affecting the results and financial position disclosed in this Annual Report are discussed in note 2. The company is reliant on the support of its ultimate parent Inspired Capital plc, in order to continue as a going concern. The directors of Inspired Capital plc have indicated their current intention of support to continue until the company is able to support itself, and that repayment of balances due to group companies will only be required when funds are available.

After making enquiries, the Directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Annual Report and financial statements.

Approval
This Strategic Report for the company has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

Approved by the Board of Directors and signed on behalf of the Board.

Jeremy Coombes
Director
6th August 2015

Ultimate Invoice Finance Limited

Directors' report
for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

The statement of comprehensive income is set out on page 10 and shows the loss for the period. The loss will be covered by future profits. Directors do not recommend payment of a dividend (2013: Nil).

Principal activities

The company is a trading subsidiary of Ultimate Finance Group plc.

The ultimate holding company is Inspired Capital plc (the "Group").

The company's principal activity is the provision of factoring and invoice discounting services.

Directors and directors' interest

The directors of the company during the period, and to the date of this report, were:

D Blain	(resigned 28 July 2015)
J Brooke	(resigned 28 July 2015)
J Coombes	
S Horsell	(resigned 30 June 2014)
D Jewell	
C Lewis	
R Robson	(appointed 28 July 2015)

No director had any beneficial interest in the share capital of the company.

The Directors' interests in the shares of the ultimate parent company are disclosed in the accounts of that company for the period ended 31 December 2014. Copies of that report are available from the website www.inspiredcapitalplc.com.

Directors' responsibilities

The directors are responsible for preparing the directors' 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. The Directors are required by the IAS Regulations to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, IAS 1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Directors' indemnity

The Company has purchased insurance to cover the Directors, officers and employees of Inspired Capital plc and its subsidiaries against defence costs and civil damages awarded following an action brought against them in their personal capacity whilst carrying out their professional duties for the Group.

Directors' responsibility statement

We confirm to the best of our knowledge that:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself 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.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting of the parent company.

Jeremy Coombes
Director
6th August 2015

Report of the independent auditor
For the year ended 31 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTIMATE INVOICE FINANCE LIMITED

We have audited the financial statements of Ultimate Invoice Finance Limited for the year ended 31 December 2014 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.

Peter Birch (senior statutory auditor)
For and on behalf of Deloitte LLP, statutory auditor
Manchester, UK
6 August 2015

Ultimate Invoice Finance Limited

Statement of comprehensive income
for the period ended 31 December

	Note	2014	18 months 2013 Restated (Note 10)
		£'000	£'000
Revenue	3	**6,494**	10,001
Cost of sales	5	**(2,237)**	(2,842)
Gross profit		**4,257**	7,159
Administrative expenses		**(5,598)**	(7,587)
Group reorganisation costs		**—**	(222)
Total administrative expenses		**(5,598)**	(7,809)
Operating loss	6	**(1,341)**	(650)
Finance expense	8	**(288)**	(235)
Finance income	8	**242**	265
Loss before tax		**(1,387)**	(620)
Taxation	9	**256**	(6)
Loss from continuing operations being total comprehensive income		**(1,131)**	(626)

All results are derived from continuing operations. The accompanying notes on page 14 to 29 form an integral part of the financial statements.

Ultimate Invoice Finance Limited

Statement of financial position
for the period ended 31 December

Company number 04325262

	Note		2014		2013 Restated (Note 10)
		£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	11		770		536
Intangible assets	12		25		36
Total non-current assets			795		572
Current assets					
Loans and other receivables	13	54,889		32,697	
Cash and cash equivalents	14	1,916		300	
Total current assets			56,805		32,997
Total assets			57,600		33,569
Current liabilities					
Bank borrowings and overdrafts	15	(37,406)		(24,433)	
Trade and other payables	16	(21,117)		(8,686)	
Tax payable		—		14	
Total current liabilities			(58,523)		(33,105)
Non-current liabilities					
Deferred tax liability	18		220		(36)
Total liabilities			(58,303)		(33,141)
Net (liabilities)/assets			(703)		428
Equity attributable to owners of the company					
Share capital	19		—		—
Retained earnings			(703)		428
Total equity			(703)		428

The accompanying notes on page 14 to 29 form an integral part of the financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 6th August 2015 and were signed on its behalf by:

Jeremy Coombes
Director

Ultimate Invoice Finance Limited

Statement of cash flows
for the year ended 31 December

	Note	2014 £'000	2014 £'000	18 months 2013 Restated (Note 10) £'000	18 months 2013 Restated (Note 10) £'000
Cash flows from operating activities					
Loss before tax for the year			**(1,387)**		(620)
Adjustments for:					
Depreciation of property, plant and equipment	11	**283**		265	
Amortization of intangible assets	12	**11**		-	
Financial income		**(242)**		(265)	
Finance expense in Cost of Sales		**109**		992	
Financial expense		**288**		235	
			449		1,227
			(938)		607
Increase in loans and other receivables		**(22,192)**		(6,028)	
Increase in trade and other payables		**12,445**		3,805	
			(9,747)		(2,223)
Net cash flows from operating activities			**(10,685)**		(1,616)
Cash flows from investing activities					
Acquisition of property, plant and equipment	11	**(517)**		(407)	
Acquisition of intangible assets	12	—		(36)	
Net cash used in investing activities			**(517)**		(443)
Cash flows from financing activities					
Financial income	8	**242**		265	
Financial expense	8	**(288)**		(235)	
Increase in back to back funding		**12,973**		2,299	
Finance expense on back to back funding		**(109)**		(992)	
Net cash generated in financing activities			**12,818**		1,337
Net increase/(decrease) in cash and cash equivalents			**1,616**		(722)
Cash and cash equivalents at 1 January			**300**		1,022
Cash and cash equivalents at 31 December			**1,916**		300

Statement of change in equity
for the period ended 31 December

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 30 June 2012		—	1,054	1,054
Total comprehensive income for the period		—	(187)	(187)
At 31 December 2013 (as previously reported)		—	867	867
Restatement due to unrecorded liabilities	10	—	(439)	(439)
At 31 December 2013 (as restated)		—	428	428
Total comprehensive income for the year		—	(1,131)	(1,131)
At 31 December 2014		—	**(703)**	**(703)**

1 Accounting policies

Basis of preparation and statement of compliance

Ultimate Invoice Finance Limited (the "company") is a company incorporated in the UK.

The company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("adopted IFRSs"), and its interpretations adopted by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") of their predecessors, which had been approved by the European Commission at 31 December 2014.

The financial statements are prepared on the historical cost basis and are presented in Pounds Sterling, the company's functional and presentational currency.

The company is reliant on the support of its parent Inspired Capital plc, in order to continue as a going concern. The directors of Inspired Capital plc have indicated this support will continue until the company is able to support itself, and that repayment of balances due to group companies will only be required when funds are available. Accordingly, the financial statements have been prepared on a going concern basis.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Information about such judgments and estimates are discussed in note 2.

Adoption of new and revised reporting standards

(a) ***Standards adopted for the first time***
IFRS 11 – 'Joint Arrangements', IFRS 12 – 'Disclosure of Interests in Other Entities', IAS 27 (Revised) – 'Separate Financial Statements' and IAS 28 (Revised) – 'Investments in Associates and Joint Ventures' form the new IFRS regime for consolidation. These standards are effective for financial statements prepared under IFRS as endorsed by the European Union for periods beginning on or after 1 January 2014.

The adoption of these standards does not change the results presented under the new standards from how they would formerly have appeared.

(b) **Standards not yet adopted**

At the date of authorisation of these financial statements the following International Financial Reporting Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 – 'Financial Instruments'; and
- IFRS 15 – 'Revenue from Contracts with Customers'.

The adoption of IFRS 9 will require changes to the valuation and income recognition methods relating to the company's receivables, borrowings and liabilities. This Standard will come into force with effect from the company's financial statements for the year ending 31 December 2019, if it is endorsed by the European Union. The European Union has yet to indicate when it expects the Standard to be endorsed. Following the publication of the final version of the Standard by the IASB in July 2014, the company has begun to assess its potential impact, and will report further on this in future periods.

1 Accounting policies *(continued)*

IFRS 15 will replace the standards currently governing the recognition of that part of the company's income which does not derive directly from financial assets. If endorsed by the European Union, it will come in to force with effect from the company's financial statements for the year ending 31 December 2018, and management will consider its potential impact on the company's financial statements, if any.

Other Standards and interpretations in issue but not effective do not address matters relevant to the company's accounting and reporting.

Other Standards and interpretations in issue but not effective do not address matters relevant to the company's accounting and reporting. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Revenue comprises fees for the provision of invoice financing services, net of Value Added Tax, and is recognised as follows:

Interest income

Interest income and set up fee income and associated directly attributable set up costs are recognised in the income statement for all financial assets measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life, or contractual term if shorter, of the financial asset to the net carrying amount of the financial asset. When calculating the EIR, the company estimates cash flows considering all contractual terms of the financial instruments, but does not include an expectation for future credit losses. Interest income is calculated and applied to clients' accounts on a daily basis.

Service fee income

The company charges its clients a factoring fee for managing their sales ledgers which is based on the value of invoices assigned. The variable fee for each particular assignment of invoices is then recognised as revenue on a straight line basis over the average repayment period of the assigned invoices, reflecting the provision of the management service over the life of those invoices. On average this will be approximately 60 days.

Other fee income

Other fee income, which includes disbursements, is credited to the income statement when the service has been provided or the disbursement expenditure incurred.

Expenses

Operating lease payments

Leases are categorised as operating leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset. All leased assets held by the company are categorised as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

1 Accounting policies *(continued)*

Borrowing costs

Borrowing costs in relation to the back-to-back financing facility with Lloyds TSB Commercial Finance Ltd are shown within cost of sales. The facility is used to finance loans provided to clients and is backed by the underlying debts of the clients.

Interest on other loans and borrowings is charged using the effective interest rate method. Interest expense in this context includes initial transactions costs as well as any interest or coupon payable while the liability is outstanding.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management team of the Group including the Chief Executive, Group Managing Director and Finance Director.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Vehicles	-	four years
Computers	-	three years
Equipment and fittings	-	two – five years

1 **Accounting policies** *(continued)*

Intangible assets

Intangible assets represent software and associated development costs which are stated at cost less accumulated depreciation and impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits. The back to back financing facility with Lloyds TSB Commercial Finance forms an integral part of the company's cash management and as such is included as a component of cash and cash equivalents for the purpose only of the statement of cash flows. The borrowing on this back to back financing facility is shown as a current liability in the statement of financial position.

Financial assets

Management determine the classification of the company's financial assets at initial recognition into one of the following categories – loans and other receivables, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss. The company has not held any held-to-maturity, available for sale financial assets or financial assets at fair value through profit or loss at any point during the year.

All financial assets are initially measured at fair value plus, in the case of financial assets not classified as a fair value through income statement, transaction costs that are directly attributable to their acquisition.

The company initially recognises advances to clients and deposits on the date that they are originated. These balances are included in loans and other receivables and are initially recognised at fair value and subsequently measured at amortised cost less impairment losses.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment of loans and receivables

In respect of loans and receivables, the company assesses on an ongoing basis whether there is objective evidence that an individual loan asset is impaired. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement in cost of sale.

Impairment losses are reversed through the income statement is there is a change in the estimates used to determine the recoverable amount.

Financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1 Accounting policies *(continued)*

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2 Key risks and sources of estimation uncertainty

Critical accounting estimates and judgements

In the preparation of financial statements, the company is required to make estimates and assumptions, in accordance with IFRS, that affect the amounts reported as assets and liabilities as at the date of reporting the financial statements and the reported amounts of revenues and expenditure during the period.

The key accounting judgements are:

Item	Judgement
Restatement of prior periods due to accounting error	Qualifying certain elements of the liquidity for the accounting error which cannot be currently determined with absolute certainty.
Revenue recognition	Determining the period over which to spread revenue and associated costs.
Provisioning against receivables	Determining the appropriate level of provision required

3 Revenue

	2014	18 months 2013
	£'000	£'000
Revenue arises from:		
Service fee income	**3,155**	5,012
Interest income	**1,328**	1.889
Other fee income	**2,011**	3,100
	6,494	10,001

4 Segmental information

Factors that management used to identify the company's reportable segments and measurement of operating segment profit or loss, assets and liabilities.

Whilst the company evaluates the performance of different operating segments on the basis of profit or loss from operations before tax, not including non-recurring losses, such as restructuring costs, and also excluding the effects of share based payments, management have concluded that the company's operations represent only one reportable segment. As a result, no detailed disclosures have been presented on separable reportable segments.

4 Segmental information *(continued)*

All revenues relate to external customers domiciled in the UK. There are no revenues derived from overseas external customers in the current or prior years.

All non-current assets are held within the UK. There are no non-current assets held overseas in the current or prior years.

There is no one customer which generates 10% or more in external revenues in the current or prior years.

5 Cost of sales

	2014	18 months 2013
	£'000	£'000
Cost of sales - finance costs	**109**	992
Cost of sales - other	**2,128**	1,850
	2,237	2,842

Cost of sales includes interest payable on the back-to-back financing facilities, external legal fees, bad debt costs and commissions incurred. Where external fees are recharged to clients, such recharges are included within revenue.

6 Operating loss

	2014	18 months 2013 Restated (Note 10)
	£'000	£'000
This has been arrived at after charging:		
Deprecation of property, plant and equipment	**283**	265
Amortisation	**11**	—
Operating lease expense:		
- Plant and machinery	**72**	181
- Property	**-**	168

Audit and tax fees were borne by the ultimate parent company, Inspired Capital plc.

7 Staff costs

	2014	18 months 2013
	£'000	£'000
Staff costs (including directors) comprise:		
Wages and salaries	**2,624**	3,471
Social security costs	**338**	548
Other pension costs	**221**	301
	3,183	4,320

The average number of persons employed by the company (including directors) during the period was 66 (2013: 66)

7 Staff costs *(continued)*

Directors' remuneration

The directors are the only key management personnel who are subject to remuneration as detailed below:

	2014 £'000	18 months 2013 £'000
Directors' emoluments	**273**	555
Company contributions to money purchase pension plans	**15**	19
	288	574

The aggregate of emoluments of the highest paid director was £136,399 (2013: £280,278), and company pension contributions of £7,305 (2013: £8,605) were made to a money purchase pension scheme on their behalf. Remuneration of directors who are also directors of the holding company, Ultimate Finance Group plc, is reported in the financial statements of that company.

8 Finance income and expense

	2014 £'000	18 months 2013 £'000
Finance income		
Bank interest income	**242**	265
Finance expense[1]		
Bank interest expense	**(288)**	(235)

(1) Borrowing costs in relation to the back to back facility are not included here but are included within cost of sales.

9 Tax expense

	2014 £'000	18 months 2013 Restated Note 10 £'000
Current tax credit		
UK corporation tax and income tax of overseas operations on loss for the period	**-**	-
Adjustment for overprovision in prior periods	**(6)**	(14)
	(6)	(14)
Deferred tax expense		
Origination and reversal of temporary differences	**(128)**	21
Adjustment in respect of the previous year	**(122)**	(1)
	(250)	20
Total tax (income) / expense	**(256)**	6

9 Tax expense *(continued)*

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the period are as follows:

	2014 £'000	2013 Restated Note 10 £'000
Loss before tax	(1,387)	(626)
Expected tax charge based on the standard rate of corporation tax in the UK of 21.5% (2013 – 23.4%)	(298)	(147)
Expenses not deductible for tax purposes	77	141
Accelerated Capital Allowances	(5)	-
Adjustment in respect of the previous year	(128)	(15)
Losses forward	(56)	-
Group relief claimed without payment	188	10
Other short term differences	(34)	(64)
Effect of restatement	-	81
Total tax (income) / expense	(256)	6

10 Restatement of prior year results

Management of Ultimate Invoice Finance Limited has identified and quantified an accounting error which led to unrecorded liabilities. Accordingly, the results for the period ended 31 December 2013 have been restated.

Effect on income statement for the period ended 31 December 2013

	As previously stated £'000	Adjustment £'000	As restated £'000
Administrative expenses	(7,148)	(439)	(7,587)
Operating loss	(211)	(439)	(650)

10 Restatement of prior year results *(continued)*

Restatement of statement of financial position

	As previously stated £'000	Adjustment £'000	As restated £'000
Non-current assets			
Property, plant and equipment	536	-	536
Intangible assets	36	-	36
	572		**572**
Current assets			
Loans and other receivables	32,697	-	32,697
Cash and cash equivalents	300	-	300
	32,997	**-**	**32,997**
Total assets	**33,569**		**33,569**
Current liabilities			
Bank borrowings and overdrafts	(24,433)	-	(24,433)
Trade and other payables	(8,247)	(439)	(8,686)
Tax payable	14	-	14
	(32,666)	**(439)**	**(33,105)**
Non-current liabilities			
Deferred tax liability	(36)		(36)
Total liabilities	**(32,702)**	**(439)**	**(33,141)**
Net assets	**867**	**(439)**	**428**
Capital and reserves			
Share Capital	-	-	-
Retained earnings	867	(439)	428
Total equity	**867**	**(439)**	**428**

11 Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 July 2012	461	454	78	993
Additions	151	148	108	407
Disposals	(267)	(118)	-	(385)
Balance at 31 December 2013	345	484	186	1,015
Balance at 1 January 2014	345	484	186	1,015
Additions	121	49	347	517
Balance at 31 December 2014	**466**	**533**	**533**	**1,532**
Accumulated depreciation				
Balance at 1 July 2012	353	225	21	599
Depreciation charge for the year	122	113	30	265
Depreciation on disposals	(267)	(118)	-	(385)
Balance at 31 December 2013	208	220	51	479
Balance at 1 January 2014	208	220	51	479
Depreciation charge for the year	106	92	85	283
Balance at 31 December 2014	**314**	**309**	**139**	**762**
Net book value				
At 1 July 2012	108	229	57	394
At 31 December 2013	137	264	135	536
At 31 December 2014	**152**	**217**	**401**	**770**

12 Intangible assets

	Capitalised Development costs £'000	Total £'000
Cost		
At 1 January 2014	36	36
At 31 December 2014	36	36
Accumulated amortisation		
At 1 January 2014	-	-
Amortisation charge for the year	(11)	(11)
At 31 December 2014	(11)	(11)
Net book value		
At 1 January 2014	**36**	**36**
At 31 December 2014	**25**	**25**

13 Loans and other receivables

	2014 £'000	2013 £'000
Loans and receivables	**38,263**	24,102
Prepayments	**168**	80
Other receivables	**-**	122
Amounts owed by group undertakings	**16,458**	8,393
	54,889	32,697

Loans and other receivables denominated in currencies other than sterling comprise £191k (2013: £132k) denominated in Euros, £346k denominated in US dollars (2013: £56k) and a further £12k (2013: £28k) denominated in Swedish Krona. As described in note 2, the company does not currently have any exposure to currency risk.

Credit risk

Credit risk in relation to loans and receivables is the risk that financial loss arises from the failure of a client to meet its obligations under an invoice discounting agreement. The company has strict policies and procedures in place to monitor this risk.

Under the company's recourse agreement with its clients, debtors assigned to the group that remain unpaid after 90 days are re-factored to the clients. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients.

A summary of the customer loans and receivables is shown below; the maximum exposure to credit risk at the period end is £38,770k (2013: £24,824k).

13 Loans and other receivables *(continued)*

	2014 £'000	2013 £'000
Outstanding client balances	**38,770**	24,824
Provision for impairment	**(507)**	(722)
	38,263	24,102

Invoices factored by the company are formally assigned to it and are typically paid within 60 days.

Provision for impairment

	2014 £'000	2013 £'000
Balance brought forward	**722**	**420**
Utilised in the period	**(556)**	**(576)**
Provided in the period	**341**	**878**
Balance carried forward	**507**	**722**

Collateral

In addition to the value of the underlying assigned sales ledger balances, the company will wherever possible obtain additional security before offering invoice finance facilities to a client. These include personal guarantees from major shareholders and/or directors, charges over personal and other business property, cross guarantees from associated companies, and unlimited warranties in the case of frauds. These additional forms of security are impractical to fair value, as valuations of the guarantees or warranties are not capable of being accurately determined at any point during the agreement.

The ageing of the loans to clients is shown in the table below.

Ageing of loans and receivables

	2014			2013		
	Total £'000	**Impairment £'000**	**Net £'000**	Total £'000	Impairment £'000	Net £'000
Less than 90 days	**36,406**	**(81)**	**36,325**	23,484	(1)	23,483
Over 90 days – no impairment	**1,817**	**-**	**1,817**	619	-	619
Over 90 days – net of impairment	**547**	**(426)**	**121**	721	(721)	-
	38,770	**(507)**	**38,263**	24,824	(722)	24,102

The carrying value of all financial assets and liabilities held at the current and prior year is not materially different from the fair value of the financial instruments.

14 Cash and cash equivalents

	2014	2013
	£'000	£'000
Cash and cash equivalents	**1,916**	300

Cash denominated in currencies other than sterling comprise:

	2014	2013
	£'000	£'000
EUR	**424**	11
USD	**1,356**	21
	1,780	32

15 Bank Borrowings and overdrafts

	2014	2013
	£'000	£'000
Bank borrowings and overdrafts	**37,406**	24,433
	37,406	24,433

As stated in Note 1, the Company has back-to-back financing facility with Lloyds TSB Commercial Finance. The facility, which is in place until October 2017, allows the Company to draw down up to 75% of the notified value of approved invoices of its clients. Amounts can be drawn down, repaid and redrawn throughout the life of the facility on the condition that the above criterion is met. The bank borrowings of £37.4m relate to this facility, leaving headroom of £6.6m at 31 December 2014.

16 Trade and other payables

	2014	2013 Restated (Note 10)
	£'000	£'000
Trade payables	**804**	1,310
Other payables and accrued expenses	**3,263**	1,125
Amounts owed to parent undertaking	**17,050**	6,251
	21,117	8,686

There are no trade or other payables denominated in currencies other than pound sterling.

The company's liabilities include trade and other payables and borrowing under its bank facility.

16 Trade and other payables *(continued)*

The maturity profile of the company's financial liabilities is shown below:

	Within one month £'000	Less than a year £'000
2014		
Trade payables	**804**	**-**
Other payables and accrued expenses	**3,263**	**-**
Amounts owed to parent undertaking	**-**	**17,050**
Bank borrowings	**-**	**37,406**
	3,755	**54,456**
2013		
Restated (Note 10)		
Trade payables	36	-
Other payables and accrued expenses	1,125	1,274
Amounts owed to parent undertaking	-	6,251
Bank borrowings	-	24,433
	1,161	31,958

Due to the nature of the back-to-back funding arrangement and the daily interest that accrues thereon, it is difficult to estimate the future interest payable; as a result, values shown above represent capital repayment only and do not include future interest.

17 Employee benefits

Pension

The company operates a defined contribution pension scheme. The pension cost charge for the period includes contributions payable by the company to the scheme and amounted to £221,000 (2013: £309,000).

Contributions amounting to £34,000 were unpaid at the year end and are included in trade and other payables (2013: £28,000).

The company also paid into schemes outside of the company's defined contribution scheme for two directors (2013: two) during the year.

18 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2013 - 20%).

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following and are shown as a non-current liability on the statement of financial position:

18 Deferred tax *(continued)*

Charge in respect of deferred tax during period

	2014 £'000	2013 £'000
Other timing differences	**127**	(21)
Adjustment in respect of the previous year	**128**	1
	256	(20)

Movement on the deferred tax liability during the year

	2014 £'000	18 months 2013 £'000
At the beginning of the period	**(36)**	(16)
Charge	**256**	(20)
At the end of the period	**220**	(36)

The deferred tax liabilities in the table above relate to accelerated capital allowances claimed by the company.

19 Share capital

	Issued and fully paid			
	2014 **Number**	**2014** **£**	2013 Number	2013 £
Ordinary shares of £1 each	**2**	**2**	2	2

The holders of ordinary shares are entitles to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The authorised share capital of the company is £1,000.

20 Leases

Operating leases

The group leases all of its properties. The terms vary between properties, although each have periodic rent reviews and have break clauses. Other operating leases relate to leased cars as well as leasing payments in relation to software systems. The current commitments will expire in 2019 the latest.

At the statement of financial position date, the company had outstanding future commitments under non-cancellable operating leases which fall due as follows:

	Land & buildings 2014 £'000	**Other 2014 £'000**	Land & buildings 2013 £'000	Other 2013 £'000
Not later than one year	**90**	**4**	135	117
Later than one year and not later than 5 years	**270**	**431**	401	236
More than five years	-	-	322	-
	360	**435**	858	353

21 Related party transactions

The company entered into related party transactions as described below.

Trading transactions

Amounts outstanding at the statement of financial position date relate primarily to the movement of cash and cash equivalents.

	Management charges receivable / (payable)		Balances outstanding	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
The parent				
Ultimate Finance Group Ltd	**(324)**	(78)	**(17,050)**	(6,251)
Company within Group				
Ashley Commercial Finance Limited	**51**	40	**2,591**	2,564
Ashley Business Cash Limited	**48**	-	**1,795**	320
Ultimate Asset Finance Limited	**48**	-	**2,273**	1,202
Ultimate Trade Finance Limited	**36**	9	**4,788**	2,912
Ultimate Construction Finance Limited	**36**	9	**3,821**	1,162
Ultimate Business Cash Limited	**-**		**1,189**	233

The above balances are repayable on demand, unsecured and expected to be settled in cash. The fair value is considered to approximate to the carrying value.

Disclosure of the remuneration paid to key management is included in note 7.

22 Capital commitments

There were no capital commitments at the end of the financial period (2013: £Nil)

23 Ultimate parent company

At the balance sheet date, the ultimate parent company was Inspired Capital plc. Copies of the group financial statements are available from the website www.inspiredcapitalplc.com.

Following an acquisition on 27th July, 2015, the directors consider the family interests of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Bentley Park (UK) Ltd, registered in England and Wales.

The company's immediate parent is Ultimate Finance Group Ltd.

24 Post balance sheet event

On 27 July 2015, Bentley Park (UK) Limited ('Bentley') either had acquired or had received valid acceptances in respect of 93.11 % of the total ordinary share capital of Inspired Capital plc in issue outside of treasury. Consequently on 28 July 2015, Bentley announced that the offer was declared unconditional in all respects and that it intends to procure that Inspired Capital will make an application for the cancellation of the admission to trading on AIM of the Inspired Capital shares, following which it will seek to re-register Inspired Capital as a private limited company. Bentley also announced that it intends to compulsorily acquire the remaining Inspired Capital shares.