

# **ULTIMATE FINANCE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 DECEMBER 2020**

**COMPANY NUMBER 04325262**



# Ultimate Finance Limited

Report and financial statements for the year ended 31 December 2020

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# Ultimate Finance Limited

## Corporate information

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### Country of incorporation

United Kingdom

### Legal form

Private limited company

### Directors at the date of this report

N McMyn

J Levy

### Secretary and registered office

N McMyn, First Floor, Equinox North, Great Park Road, Bradley Stoke, Bristol BS32 4QL

### Company number

04325262

### Auditor

RSM UK Audit LLP, Hartwell House, 55 - 61 Victoria Street, Bristol, BS1 6AD

### Principal banker

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

### Website

[www.ultimatefinance.co.uk](http://www.ultimatefinance.co.uk)

### Email address

[info@ultimatefinance.co.uk](mailto:info@ultimatefinance.co.uk)

# Ultimate Finance Limited

## Strategic report for the year ended 31 December 2020

### Principal activity and nature of business

Ultimate Finance Limited (the “company”) provides invoice finance and other funding products to UK SMEs and assists businesses to manage cash flows and working capital. Invoice finance includes invoice discounting and factoring and offers SMEs immediate cash advances against unpaid invoices. While the company services many industries, it also has specific products tailored for the recruitment and construction sectors.

### KPIs:

The board regularly reviews the following KPIs:

- Revenue
- Profit before tax; and
- Loans and receivables

Revenue for year was £19,072,000 (2019: £20,573,000), a decrease of 7% and the company made a profit before tax of £3,885,000 for the current year (2019: profit before tax £1,363,000). The increase in profit before tax comes despite a reduction in revenue (COVID related – see below) and is largely due to an exceptional bad debt provision that was required for one client in 2019 and a reduction in overheads in 2020. Loans and receivables to customers decreased to £110,141,000 (2019: £144,975,000) as a result of the negative impact of Covid-19 on the company’s clients trading and market conditions as a result of the various Government-backed lending schemes. Within loans and receivables is an associated provision of £7,981,000 (2019: £8,352,000).

### 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 client or counterparty fails to meet its contractual obligations, and arises principally from the company’s receivables from clients.	The company has strong underwriting processes with constant monitoring of its client’s credit situations, including reviews of debtor concentration and validation checks on significant exposures. The company has a well-established policy for assessing credit losses and carries an allowance for impairment that represents its estimate of incurred losses in respect of loans and other receivables.
Liquidity risk	The risk of 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 back-to-back facility with a syndicate of banks 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 continually monitoring its funding requirements and investigating sources of finance which are, or might become, available to the company. The company also has access to additional funding facilities from its group companies.
Market risk	The risk that changes in market prices, such as foreign exchange rates and interest rates 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 operates a conservative risk appetite in relation to market risk and adherence to market risk appetite is monitored by the management team.

# Ultimate Finance Limited

## Strategic report for the year ended 31 December 2020 (continued)

	Business risk	Mitigating management actions
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 company's IT systems might adversely impact the company's ability to operate its business effectively.	The company has IT controls and strong cyber-security credentials to mitigate against the risk of hacking. 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's control and governance environment is continually reviewed and improved.
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 maintains relationships with its customers, business introducers, and other significant participants in the markets in which it is active. The company has a small share of a large market 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 and remuneration policies are designed to mitigate this exposure and ensure that an appropriately skilled workforce is and remains in place.

### Outlook

The directors remain 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 development in the areas of technology, sales, marketing and management, in order to achieve significant future growth.

### COVID-19

COVID-19 has significantly impacted many businesses across the UK and the world and many of the company's SME clients have experienced a severe drop in revenue. Client support teams have been working closely with clients to help them through a difficult period, including, where necessary, temporarily amending payment terms and providing additional flexibility within facilities. In addition, the impact of Government support schemes in response to the pandemic caused market distortions that led to lower levels of invoice finance facility utilisation. Together, these factors had a knock-on effect on the company's business and financial performance with a significant drop in the size of our invoice finance loan book and reduced income.

The company's priority is to support its clients through difficult times as well as to continue to provide new funding facilities. As such, and taking advantage of the very strong shareholder support, the company has ensured that it can continue to fund new and existing clients throughout this period. The company's principal bankers, Lloyds, RBS Invoice Finance and British Business Investments have also been supportive by acknowledging assistance the company has granted to clients and continued to fund these receivables during this period of concessions, which has now ended.

In previous economic downturns, there has been a shift to alternative sources of funding and the Board believes that the company is well placed to continue to provide its clients with funding and to support their businesses through this uncertainty. In addition, the Board are very confident that the value of invoice finance facilities as a working capital tool for growth and cashflow support will present significant and compelling opportunities to continue to grow the company's client base.

### New increased funding facility

On 25 June 2021, the company amended its back-to-back receivables finance agreement with a syndicate of lenders led by Lloyds Bank. The directors are pleased to have increased the facility limit from £125m to £160m and welcome HSBC Bank to join RBS Invoice Finance and Lloyds in the syndicate. British Business Investments left the syndicate in March 2021. These changes are confirmation of the group's strength and growth prospects from three of the UK's major banks and gives the company substantial funding capacity to support existing and prospective clients through the recovery.

# Ultimate Finance Limited

## Strategic report for the year ended 31 December 2020 (continued)

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### Brexit

The Board has assessed that Brexit has had little direct impact on the company. The company does not have any clients outside the UK, nor does it buy or sell to the EU or have European nationals in executive roles. Brexit will, however impact the company's clients, some of which import and export to Europe. Management has assessed its portfolio and will continue to review the performance of clients.

### Going concern

The company is reliant on the support of its immediate parent, Ultimate Finance Group Limited, its intermediate parent undertaking, Bentley Park (UK) Limited, and Lakeland Cove Limited, an entity controlled by the ultimate controlling shareholder, which provide funding to the company and the rest of the entities in the Group in order to continue as a going concern. The directors of Bentley Park (UK) Limited have indicated that it is their current intention for this 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.



Neil McMyn  
Director

30 June 2021

# Ultimate Finance Limited

## Directors' report for the year ended 31 December 2020

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The directors of Ultimate Finance Limited present their report together with the audited financial statements for the year ended 31 December 2020. The information required by Schedule 7 of the Companies Act 2006 is disclosed in the strategic report.

### Results and dividends

The statement of comprehensive income is set out on page 12 and shows the profit for the year. The directors do not recommend payment of a dividend (2019: £nil).

### Principal activities

The company's principal activity is the provision of invoice finance and other financing products to UK SMEs.

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

### Directors and directors' interest

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

N McMyn  
J Levy

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

### Directors' indemnity

The intermediate parent of the company, Bentley Park (UK) Limited, has purchased insurance to cover the directors, officers and employees of Bentley Park (UK) Limited 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.

### Disclosure of information to auditor

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.


### Auditor

Under section 485 of the Companies Act 2006, a resolution for the appointment of RSM UK Audit LLP as auditors of the company is to be proposed at the forthcoming board of directors meeting of Bentley Park (UK) Limited, the intermediate parent of the company.

### Approval

This directors' 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.



Neil McMyn  
Director

30 June 2021

# Ultimate Finance Limited

## Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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The directors are responsible for preparing the strategic report, 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



# Ultimate Finance Limited

## Independent auditor's report to the member of Ultimate Finance Limited for the year ended 31 December 2020

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### Opinion

We have audited the financial statements of Ultimate Finance Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# Ultimate Finance Limited

## Independent auditor's report to the members of Ultimate Finance Limited for the year ended 31 December 2020 (continued)

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### 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.

### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

# Ultimate Finance Limited

## Independent auditor's report to the members of Ultimate Finance Limited for the year ended 31 December 2020 (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing tax computations prepared by external specialists.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to financial crime and money laundering. We performed audit procedures to inquire of management, those charged with governance, and in house legal counsel whether the group is in compliance with these law and regulations, reviewed controls over the due diligence and take on of new clients, and inspected documentation on their risk assessment, client due diligence, and governance related to financial crime and money laundering.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

### Use of our report

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

*RSM UK Audit LLP*

HYWEL PEGLER (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor,  
Chartered Accountants

Hartwell House, 55-61 Victoria Street, Bristol, BS1 6AD

30 June 2021

# Ultimate Finance Limited

## Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	19,072	20,573
Cost of sales	5	(9,580)	(12,602)
Gross profit		9,492	7,971
Administrative expenses		(5,607)	(6,608)
Profit before taxation	6	3,885	1,363
Taxation	8	-	(189)
Profit for the year and total comprehensive income		3,885	1,174

The total profit for the year and total comprehensive income is attributable to the owner of the parent company.

All results are derived from continuing operations. The accompanying notes on page 15 to 26 form an integral part of the financial statements.

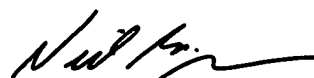
# Ultimate Finance Limited

## Statement of financial position as at 31 December 2020

Company number 04325262

	Note	2020 £'000	2019 £'000 (as restated)
<b>Fixed assets</b>			
Property, plant and equipment	9	29	49
Intangible assets	10	-	-
		<u>29</u>	<u>49</u>
<b>Current assets</b>			
Debtors due within one year	11	107,840	148,554
Cash at bank and in hand		<u>5,637</u>	<u>18,216</u>
		<u>113,477</u>	<u>166,770</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(110,797)	(167,995)
<b>Net current assets/(liabilities)</b>		<u>2,680</u>	<u>(1,225)</u>
<b>Net assets/(liabilities)</b>		<u>2,709</u>	<u>(1,176)</u>
<b>Equity attributable to owners of the company</b>			
Share capital	16	-	-
Retained earnings		<u>2,709</u>	<u>(1,176)</u>
<b>Total equity</b>		<u>2,709</u>	<u>(1,176)</u>

The accompanying notes on page 15 to 26 form an integral part of the financial statements. The financial statements were approved and authorised for issue by the board of directors on 30 June 2021 and were signed on its behalf by:



Neil McMyn  
Director

# Ultimate Finance Limited

## Statement of changes in equity for the year ended 31 December 2020

	Note	Share capital £'000	Retained earnings £'000	Total £'000
<b>At 31 December 2018 (as previously stated)</b>		-	465	465
Prior period adjustment	3	-	(2,815)	(2,815)
<b>At 31 December 2018 (as restated)</b>		-	(2,350)	(2,350)
Total comprehensive income for the year		-	1,174	1,174
<b>At 31 December 2019</b>		-	(1,176)	(1,176)
Total comprehensive income for the year		-	3,885	3,885
<b>At 31 December 2020</b>		-	2,709	2,709

The accompanying notes on page 15 to 26 form an integral part of the financial statements.

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020

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### 1 Accounting policies

#### *General Information*

Ultimate Finance Limited (the "company") is a private limited company limited by shares and is registered and incorporated in England.

The address of the company's registered office and principal place of business is provided on page 3. The company's principal activities are stated in the Directors' Report.

#### *Basis of accounting*

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 including the provisions of the Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008.

The financial statements are prepared and presented in Pounds Sterling, the company's functional and presentational currency and rounded to the nearest £1,000.

#### *FRS 102 – reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The financial statements of the company are consolidated in the financial statements of Bentley Park (UK) Limited. These accounts are available from Companies House.

#### *Going concern*

The company is reliant on the support of its immediate parent undertaking, Ultimate Finance Group Limited, its intermediate parent undertaking, Bentley Park (UK) Limited and Lakeland Cove Limited, an entity controlled by the ultimate controlling shareholder, which provide funding to the company and the rest of the entities in the Group in order to continue as a going concern. The directors of Bentley Park (UK) Limited have indicated that it is their current intention for this 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.

COVID-19 has significantly impacted many businesses across the UK and the world and many of the company's SME clients have experienced a severe drop in revenue. Client support teams have been working closely with clients to help them through a difficult period, including, where necessary, temporarily amending payment terms and providing additional flexibility within facilities. This reduced client revenue has had a knock-on effect on the company's business and financial performance with a significant drop in the size of our loan book and reduced income. The company's priority is to support its clients through difficult times as well as to continue to provide new funding facilities. As such, and taking advantage of the very strong shareholder support, the company ensures that it can continue to fund new and clients throughout this period. The principal bankers, Lloyds, RBS Invoice Finance and British Business Investments have also been supportive by acknowledging assistance the company has granted to clients and continued to fund these receivables during this period of concessions, which has now ended.

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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### 1 Accounting policies (continued)

#### *Going concern (continued)*

After reviewing forecasts and projections and the support of the company's shareholders and the financial institutions providing external facilities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have concluded that it will be able to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. For these purposes, the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these financial statements.

#### *Revenue*

Revenue comprises fees for the provision of invoice financing and other financing services, net of VAT, and is recognised as explained below.

#### *Interest income*

Invoice discounting and factoring products have interest applied to outstanding amounts on a daily basis. Management considers these methods to be appropriate approximations to the EIR method. Interest income is recognised in the statement of comprehensive income for all other financial assets measured at amortised cost using approximations to the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The 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. For Loan products where there are regular capital repayments, the sum of digits method is used as an approximation to EIR. For products that have repayments at contracted maturity, the straight-line method of interest allocation is used as an approximation to EIR.

#### *Service fee and other fee income*

Ancillary to the provision of loans and finance to its customers, the company provides various services for which it charges a fee. Income for these services is recognised as the service is provided.

#### *Expenses*

##### *Commissions*

Commissions are recognised as part of the effective interest rate calculation. Where commissions are not directly linked to a specific financial instrument, they are recognised in the statement of comprehensive income over the period to which they relate.

##### *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 statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense over the term of the lease.

##### *Borrowing costs*

Borrowing costs in relation to the back-to-back financing facility with Lloyds Commercial Finance Limited, RBS Invoice Finance and British Business Investments are shown within cost of sales. The facility is used to finance loans provided to certain 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.



# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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### 1 Accounting policies (continued)

#### ***Taxation***

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income 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. It is the group policy that no payment is made for any tax losses received from other group companies.

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 statement of comprehensive income as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

#### ***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 statement of comprehensive income 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:

Motor vehicles	-	four years
Computers	-	three years
Fixtures and fittings	-	two – five years

#### ***Intangible assets***

Intangible assets represent software and associated development costs which are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line bases over three years.

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

Cash balances and demand deposits are included as a component of cash at bank and in hand for the purpose only of the statement of cash flows.

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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### 1 Accounting policies (continued)

#### **Financial assets**

##### *Trade, group and other debtors*

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

##### *Impairment of loans and receivables*

The recognition of impairment is a critical accounting judgement. Determining whether or not a financial instrument is impaired at the balance sheet date is complex and requires management judgement, as an instrument may be impaired without obvious indication, such as arrears. As well as using experience of prior years and detailed knowledge of the customers' performance, management is also able to assess the behaviour of financial instruments since the balance sheet date to determine which financial instruments may be impaired as at the balance sheet date. 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. Where its value is known, this will take into account the value of any collateral held. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income in cost of sale.

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

##### *Derecognition of financial assets*

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.

##### *Offsetting of financial assets and liabilities*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial liabilities and equity**

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.

##### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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### 1 Accounting policies (continued)

#### *Financial liabilities and equity (continued)*

##### *Trade creditors, group and other*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

##### *Bank overdrafts*

Bank overdrafts are presented within creditors: amounts falling due within one year.

##### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

##### *Derecognition of financial liabilities*

The company derecognises a financial liability when, and only when, the obligation specified in the contract is discharged, cancelled or expires.

##### *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 statement of comprehensive income. 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 FRS 102, 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 year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the company financial statements is included in the following notes:

Note 4 – revenue recognition, determine the period over which the revenue is recognised

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 2 Key risks and sources of estimation uncertainty (continued)

#### *Critical accounting estimates and judgements (continued)*

##### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 December 2020 is included in the following notes:

Note 11 - provisioning against receivables, determining the appropriate level of provision required. Major exposures and levels of default together with other credit issues are reviewed regularly. The company has strict policies and procedures in place to monitor this risk. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients. Future expected cashflows and the valuation of relevant securities are assessed.

### 3 Prior period adjustment

In 2020, management noted that a balance sheet reconciliation contained an entry that could not be justified and that had built up over a number of years. Since then, management has spent considerable time reviewing and updating this and other key reconciliations and are satisfied with the controls in place, but were unable to justify the historic entry and therefore have made the decision in the 2020 financial statements to write this balance off as an error using a prior period adjustment to the closing 2018 and opening 2019 reserves, which subsequently has flowed through to the 2019 statement of financial position as noted below. The impact on the statement of comprehensive income for the year ended 31 December 2019 was not significant and has not been adjusted for.

Extract from the restated statement of financial position:

	As previously reported £'000	At 31 December 2019	
		Adjustment £'000	As restated £'000
Debtors due within one year – Loans and receivables	139,438	(2,815)	136,623
Net assets	1,639	(2,815)	(1,176)
Opening retained earnings	465	(2,815)	(2,350)
Closing retained earnings	1,639	(2,815)	(1,176)

### 4 Revenue

Revenue arises from:	2020 £'000	2019 £'000
Interest income	4,908	4,917
Service fee income	10,027	10,412
Debtor protection income	1,530	1,690
Other fee income	2,607	3,554
	<b>19,072</b>	<b>20,573</b>

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 5 Cost of sales

	2020 £'000	2019 £'000
External finance costs	1,655	2,860
Inter-group finance costs	1,782	1,577
Impairment of client balances	2,850	5,187
Other	3,293	2,978
	<u>9,580</u>	<u>12,602</u>

Finance costs represent interest payable on the back-to-back financing facilities and other costs include broker and sales commissions incurred, client take on costs, bank charges and debtor protection costs.

### 6 Profit before taxation

	2020 £'000	2019 £'000
This has been arrived at after charging:		
Depreciation of property, plant and equipment (note 9)	20	32
Operating lease expense:		
- Property	52	83
- Vehicles	86	153

Audit fees are borne by the company's intermediate parent, Bentley Park (UK) Limited of which £30,000 (2019: £26,000) relate to the audit of these financial statements.

### 7 Staff costs

	2020 £'000	2019 £'000
Staff costs (including directors) comprise:		
Wages and salaries	3,359	3,850
Social security costs	472	529
Other pension costs	249	283
	<u>4,080</u>	<u>4,662</u>

The average number of people employed by the company (including directors) during the year was 76 (2019: 91).

### Directors' remuneration

The directors did not receive any remuneration for their services to the company. The directors are also directors of the intermediate parent company, Bentley Park (UK) Limited, and their remuneration is disclosed in the accounts for that company.

### 8 Taxation

	2020 £'000	2019 £'000
<i>Deferred tax charge</i>		
Origination and reversal of temporary differences (note 15)	8	189
Total tax charge	<u>8</u>	<u>189</u>

# Ultimate Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

## 8 Taxation (continued)

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

	2020 £'000	2019 £'000
Profit before tax	3,885	1,363
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019 – 19%)	738	259
Expenses not deductible for tax purposes	5	23
Accelerated capital allowances	8	189
Adjustment in respect of prior years	(7)	-
Group relief claimed and not paid for	(744)	(282)
<b>Total tax charge</b>	<b>-</b>	<b>189</b>

The effective tax rate of the company is 19% (2019: 19%).

## 9 Property, plant and equipment

	Computers £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
Balance at 1 January 2020	85	280	21	386
Disposals	(4)	(58)	(21)	(83)
<b>Balance at 31 December 2020</b>	<b>81</b>	<b>222</b>	<b>-</b>	<b>303</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2020	85	231	21	337
Depreciation charge for the year	-	20	-	20
Disposals	(4)	(58)	(21)	(83)
<b>Balance at 31 December 2020</b>	<b>81</b>	<b>193</b>	<b>-</b>	<b>274</b>
<b>At 31 December 2020</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>29</b>
<b>At 31 December 2019</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>49</b>

# Ultimate Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

## 10 Intangible assets

	Capitalised Development costs £'000	Total £'000
<b>Cost</b>		
Balance at 31 December 2019 and 2020	157	157
<b>Accumulated amortisation</b>		
Balance at 31 December 2019 and 31 December 2020	157	157
<b>Net book value</b>		
Balance at 31 December 2019 and 2020	-	-

## 11 Debtors due within one year

	2020 £'000	2019 £'000 (as restated)*
Loans and receivables	102,160	136,623
Deferred income	(415)	(396)
Prepayments	208	260
Inter-group debtors	5,634	11,806
Deferred tax asset (note 15)	253	261
	<b>107,840</b>	<b>148,554</b>

\*Refer to note 3.

The table below summarises the company's exposure to credit risk and impairment loss:

	2020 £'000	2019 £'000 (as restated)
Outstanding client balances	110,141	144,975
Provision for impairment	(7,981)	(8,352)
	<b>102,160</b>	<b>136,623</b>

### 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 performance warranties in the case of frauds. The company is only able to take possession of this security following an event of default. 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.

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 12 Creditors: amounts due within one year

	2020 £'000	2019 £'000
Bank borrowings and overdrafts (note 13)	54,178	108,026
Trade payables	158	67
Accruals	2,688	2,619
Other payables	10,187	6,493
Inter-group borrowings	43,586	50,790
	<u>110,797</u>	<u>167,995</u>

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.

### 13 Bank Borrowings and overdrafts

	2020 £'000	2019 £'000
Bank borrowings and overdrafts	54,178	108,026

As stated in note 1, the company has a syndicated back-to-back financing facility with Lloyds Bank, RBS Invoice Finance and British Business Investments. The facilities, which operate with six months' notice, allow the company to draw down, repay and redraw funds throughout the life of the facility on the condition that various criteria are met. The bank borrowings on this facility at a Group level of £54 million at 31 December 2020 (2019: £109 million) leave headroom of £71 million at 31 December 2020 (2019: £16 million).

On 25 June 2021, the company amended its back-to-back receivables finance agreement with a syndicate of lenders led by Lloyds Bank and increased the facility limit to £160 million and welcomed HSBC Bank.

### 14 Employee benefits

The company operates a defined contribution pension scheme. The pension cost charge for the year includes contributions payable by the company to the scheme and amounted to £249,000 (2019: £283,000). Contributions amounting to £75,000 were unpaid at the year end and are included in trade and other payables (2019: £87,000).



# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 15 Deferred tax

#### Recognised deferred tax asset

Deferred tax asset is attributable to the following and is shown as a current asset on the statement of financial position:

#### Charge in respect of deferred tax during year

	2020 £'000	2019 £'000
Accelerated capital allowances	8	189
	<u>8</u>	<u>189</u>

#### Movement on the deferred tax asset during the year

	2020 £'000	2019 £'000
At the beginning of the year	261	450
Decrease in deferred tax asset	(8)	(189)
At the end of the year	<u>253</u>	<u>261</u>

Deferred tax assets have been recognised in respect of all such decelerated capital allowances and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

### 16 Share capital

	2020 Number	Issued and fully paid		2019 £
		2020 £	2019 Number	
Ordinary shares of £1 each	2	2	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

### 17 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. The current commitments will expire in 2022 at the latest.

At 31 December 2020, the company had outstanding future commitments under non-cancellable operating leases which fall due as follows:

	Land & buildings 2020 £'000	Other 2020 £'000	Land & buildings 2019 £'000	Other 2019 £'000
Not later than one year	45	-	5	-
Later than one year and not later than 5 years	23	-	-	-
	<u>68</u>	<u>-</u>	<u>5</u>	<u>-</u>

# Ultimate Finance Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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### 18 Related party transactions

The company has taken advantage of the exemption in FRS 102 in not disclosing transactions and balances with wholly owned group companies.

### 19 Contingent liabilities

The company is jointly and severally liable for the VAT of the group of which it is a member. At the year end the group liability was £538,000 (2019: £621,000). These amounts were settled after the respective year ends.

### 20 Financial commitments, guarantees and indemnity

The company has a syndicated back-to-back financing facility with Lloyds Bank, RBS Invoice Finance and British Business Investments for £125 million. As at year end, the facility was operating on six months' notice. The facility is used to finance loans provided to clients and is backed by the underlying debts of the clients.

The facility is secured against an all assets debenture given by the company and a deed of guarantee and indemnity has been given by Ultimate Finance Group Limited.

On 25 June 2021, this facility was increased and amended as explained in note 22.

### 21 Ultimate parent company and ultimate controlling party

The company's immediate parent undertaking is Ultimate Finance Group Limited, a company incorporated in England and Wales.

The smallest group in which the results of the parent and subsidiary company are consolidated is that headed by Ultimate Finance Group Limited. The largest group in which the results of the parent and subsidiary company are consolidated is that headed by the company's intermediate parent undertaking, Bentley Park (UK) Limited, a company incorporated in England and Wales. The consolidated financial statements of these companies are available to the public and may be obtained from the company's office, First Floor, Equinox North, Great Park Road, Bradley Stoke, Bristol, BS32 4QL.

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 Limited, which is incorporated in the Bahamas and is the parent company of Bentley Park (UK) Limited.

### 22 Post balance sheet events

On 25 June 2021, the company amended its back-to-back receivables finance agreement with a syndicate of lenders led by Lloyds Bank. The directors are pleased to have increased the facility limit from £125 million to £160 million and welcome HSBC Bank to join Lloyds and RBS Invoice Finance in the syndicate. British Business Investments left the syndicate in March 2021.