ULTIMATE FINANCE GROUP LIMITED

Report and Consolidated Financial Statements

for the year ended

31 December 2016

Company Number: 04350565

Contents

Ultimate Finance Group Limited

Corporate Information

Country of incorporation

United Kingdom

Legal form

Private limited company

Directors at the date of this report

R Robson
N McMyn

Secretary and registered office

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

Company number

04350565

Auditor

KPMG LLP, 66 Queen Square, Bristol BS1 4BE

Principal Banking Group

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

Website

www.ultimatefinance.co.uk

Email address

info@ultimatefinance.co.uk

Ultimate Finance Group Limited

Strategic report
For the year ended 31 December 2016

Nature of business and review of performance

Ultimate Finance Group Limited (the "Company") and together with its subsidiaries, the ("Group") is a holding company of a group that provides funding to British businesses. Since it was established in 2001, the Group has provided over £1 billion in funding to thousands of businesses in many sectors.

16 years of experience has allowed the Group to develop an extensive product range, including its original invoice finance products complemented by additional products launched more recently:

Invoice Finance
Invoice Finance offers immediate cash advances against approved unpaid invoices. This product is suitable for businesses that have money tied up in unpaid invoices. The Group offers invoice discounting where the customer continues to manage its credit control and sales ledger and factoring, where the Group takes responsibility for the client's credit control and collection.

Construction Finance
Construction Finance is an adaptation of invoice finance specifically tailored to the needs of the construction industry. Advances are generally against uncertified applications for payment.

Recruitment Finance
This product is specifically tailored for recruitment companies. In addition to a cash advance on unpaid invoices, the product offers operational back office enhancements including invoicing, payroll, sales ledger management, credit control and an e-enabled timesheet submission process.

Asset Finance
Asset Finance helps businesses spread the cost of buying assets through hire purchase or finance leases, typically over two to five-year period.

Trade Finance
Trade Finance is a funding solution to bridge the gap between payment for the purchase of goods from local or overseas suppliers and receiving cash from the sale of those goods. Also, our Purchase Finance product will pay supplier invoices for the purchase of stock, raw materials and perishables.

Business Loans
The Group also provides online products in the form of the Ultimate Loan - business loans that are repayable in monthly payments up to 12 months; and the Cash Advance – very quick pre-approved unsecured loans that are repaid in one simple payment in up to 90 days.

Bridging Finance
Bridging Finance is a funding solution whereby funds advanced are secured against property with repayment through either the sale of the property or exit to another form of funding, typically a longer term mortgage. Typical term is from 1 month to 18 months and is repayable in full on maturity.

KPIs:
The Board regularly reviews the following KPIs:

- Revenue
- Profit before tax
- Loans and receivables
- Provisions for credit losses

Revenue for the year to 31 December 2016 was £22,436,000 (2015 Restated: £19,398,000) and the Group made a loss before tax of £4,812,000 for the current period (2015 Restated: £2,198,000). Loans and receivables to customers increased to £111,066,000 (2015: £93,624,000) as a result of increased trading by the Group and an associated provision of £8,628,000 (2015: £4,751,000).

The increase in both Loans and other receivables and Trade and other payables is due to increased loans to customers and the associated increase in funding drawn by the Group from Lloyds Commercial Finance and British Business Bank, as well as increased loans received during the year from the Company's parent company, Bentley Park (UK) Limited and subsequently lent by the Company to its subsidiary undertakings.

Principal risks and uncertainties
A high level summary of the key business risks facing the Group 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 Group if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.	The Group has strong underwriting processes and constantly monitors its clients' credit situation including review of debtor concentration and validation checks on significant exposures. The Group has a clear policy for evaluating credit losses and carries 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 Group funds its business through its arranged back to back funding with third parties but is also dependent upon finance provided by its parent company in order to provide financing to its clients.	The Group seeks to mitigate this risk by investigating alternative sources of finance which are, or might become, available to the Group and by keeping its funding and working capital position under review. The Group also has access to funding from its parent company and related parties.
Market risk	The risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group'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 Group operates a conservative risk appetite in relation to market risk and adherence to market risk appetite is monitored by the management team.

	Business Risk	Mitigating management actions
Operational risk	The activities of the Group 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 Group might adversely impact the ability of the Group to operate its business effectively.	The Group 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 Group's control and governance environment is continually being reviewed and improved.
Competitor risk	The Group faces competition in the markets in which it operates. There is a danger that its planned growth and profitability may be impaired.	The Group 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 Group has a small market share at present and, in planning its future business, is taking competitive factors into account.
Management	The success of the Group is dependent on recruiting and retaining skilled senior management personnel and failure to do so would put the Group's ability to successfully carry out its plans at risk.	The Group'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 ambition to be a major player in the SME finance industry. This will be achieved by obtaining additional funding and reinvesting profits generated by the business into strategic expenditure in areas including technology, marketing and management, in order to achieve significant future growth.

Going concern

The principal risks and uncertainties affecting the Group 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 are discussed in note 2. The Group is reliant on the support of its parent Bentley Park (UK) Limited, in order to continue as a going concern. The directors of Bentley Park (UK) Limited have indicated it is their current intention that this support will continue until the Group 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 Group 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 Group 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 by

Neil

Neil McMyn
Director

29 November 2017

Ultimate Finance Group Limited

Directors' report
For the year ended 31 December 2016

The directors present their Group consolidated audited financial statements for the year ended 31 December 2016.

Results and Dividend

The consolidated statement of comprehensive income is set out on page 11 and shows the loss for the period. No dividend is proposed (2015: £nil).

Directors and directors' interests

The directors who held office during the year and subsequently were as follows:

R Robson
N McMyn

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

Directors' indemnity

The Company 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 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 Group's auditors are 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 Group's auditors are 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.

Auditors

Under section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming board of directors meeting of the parent of the Group.

Information presented in other sections

Certain information required to be included in a directors' report by Schedule 7 can be found in the other sections of the annual report. All of the information presented in those sections is incorporated by reference into this directors' report and is deemed to form part of this report.

Approved by the board of directors and signed on behalf of the board by

Neil McMyn
Director

29 November 2017

Statement of Directors' responsibilities in relation to the financial statements
For the year ended 31 December 2016

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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, International Accounting Standard 1 requires that 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and
- make an assessment of the Group's and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Ultimate Finance Group Limited (the "Parent Company") for the year ended 31 December 2016 set out on pages 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent 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 auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2016 and of Group's loss for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 year 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTIMATE FINANCE GROUP LIMITED *(continued)*

- 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 Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

30 November 2017

Ultimate Finance Group Limited

Consolidated statement of comprehensive income
For the year ended 31 December 2016

	Note	2016	2015 As restated (note 3)
		£'000	£'000
Revenue	4	22,436	19,398
Cost of sales	5	(9,363)	(8,694)
Gross profit		**13,073**	**10,704**
Administrative expenses		(16,606)	(11,015)
Operating loss before costs of acquisition	6	**(3,533)**	**(311)**
Costs of acquisition	23	-	(1,552)
Operating loss after costs of acquisition	6	**(3,533)**	**(1,863)**
Finance expense	8	(1,293)	(375)
Finance income	8	14	40
Loss before tax		**(4,812)**	**(2,198)**
Taxation	9	(170)	114
Loss for the year and total comprehensive loss		**(4,982)**	**(2,083)**

The total loss for the year and total comprehensive loss is attributable to the parent.

All results are derived from continuing operations. The accompanying notes on page 15 to 38 form an integral part of the financial statements.

Ultimate Finance Group Limited

Consolidated and company statement of financial position
As at 31 December 2016

	Note	Group		Company	
		2016	2015 As restated (note 3)	**2016**	2015
		£000	£000	**£000**	£000
Non-current assets					
Investment in subsidiaries	10	**-**	-	**7,070**	7,070
Goodwill and intangibles	11	**5,870**	6,161	**-**	-
Property, plant and equipment	12	**947**	1,109	**187**	-
Loans and other receivables	13,14	**12,095**	6,016	**-**	-
Deferred tax assets	19	**250**	418	**-**	-
		19,162	13,704	**7,257**	7,070
Current assets					
Loans and other receivables	13	**90,077**	82,974	**47,555**	33,668
Cash and cash equivalents	15	**15,303**	11,366	**5,852**	4,813
		105,380	94,340	**53,407**	38,481
Total assets		**124,542**	108,044	**60,664**	45,551
Current liabilities					
Bank borrowings and overdrafts	16	**53,110**	49,742	**-**	-
Trade and other payables	17	**67,523**	48,526	**57,141**	36,427
		120,633	98,268	**57,141**	36,427
Non-current liabilities					
Trade and other payables	17	**96**	980	**-**	-
Total liabilities		**120,729**	99,248	**57,141**	36,427
Net assets		**3,813**	8,795	**3,523**	9,124
Equity attributable to owners of the parent					
Share capital	20	**3,766**	3,766	**3,766**	3,766
Share premium		**6,450**	6,450	**6,450**	6,450
Retained earnings/(deficit)		**(6,403)**	(1,421)	**(6,693)**	(1,092)
Total equity		**3,813**	8,795	**3,523**	9,124

The accompanying notes on pages 15 to 38 form an integral part of the financial statements. These financial statements were approved by the board of directors on 29 November 2017 and were signed on its behalf by:

Neil McMyn
Director

Consolidated and Company statement of cash flows
For the year ended 31 December 2016

	Note	Group		Company	
		2016	2015 As restated (note 3)	**2016**	2015
		£'000	£'000	**£000**	£000
Cash flows from operating activities					
Operating loss for the period		**(3,533)**	(1,863)	**(4,322)**	(25)
Adjustments for:					
Depreciation of property, plant and equipment	11	**461**	453	**17**	-
Amortisation of intangible assets	12	**291**	54		
Provisions for impairment of loans and other receivables		**8,628**	4,751		
		5,847	3,395	**(4,305)**	(25)
Increase in loans and other receivables	13	**(21,834)**	(25,673)	**(13,887)**	(14,058)
Increase in trade and other payables	17	**18,113**	16,695	**20,714**	13,899
Net cash provided by / (used in) operating activities		**2,126**	(5,583)	**2,522**	(184)
Cash flows from investing activities					
Acquisition of intangible assets	11	**-**	(237)	**-**	-
Acquisition of property, plant & equipment	12	**(299)**	(772)	**(204)**	-
Net cash used in investing activities		**(299)**	(1,009)	**(204)**	-
Cash flows from financing activities					
Finance income	8	**14**	40	**14**	40
Finance expense	8	**(1,293)**	(375)	**(1,293)**	(124)
Repayment of long term borrowings	16	**-**	(423)	**-**	(423)
Increase in bank borrowings & overdrafts	16	**3,389**	9,165	**-**	-
Net cash provided by / (used in) financing activities		**2,110**	8,407	**(1,279)**	(507)
Net movement in cash and cash equivalents		**3,937**	1,815	**1,039**	(691)
Cash and cash equivalents at the start of the period		**11,366**	9,551	**4,813**	5,504
Cash and cash equivalents at the end of the period	15	**15,303**	11,366	**5,852**	4,813

Ultimate Finance Group Limited

Consolidated and Company statement of changes in equity
For the year ended 31 December 2016

Group statement of changes in equity

	Share Capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2015 , as previously stated	3,766	6,450	797	11,013
Prior period adjustment (Note 3)	—	—	(135)	(135)
At 1 January 2015, as restated	3,766	6,450	662	10,878
Total comprehensive loss, as restated (Note 3)	—	—	(2,083)	(2,083)
At 31 December 2015, as restated (Note 3)	3,766	6,450	(1,421)	8,795
Total comprehensive loss	—	—	(4,982)	(4,982)
At 31 December 2016	**3,766**	**6,450**	**(6,403)**	**3,813**

Company statement of changes in equity	Share Capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2015	3,766	6,450	(983)	9,233
Total comprehensive loss	—	—	(109)	(109)
At 31 December 2015	3,766	6,450	(1,092)	9,124
Total comprehensive loss for the year	—	—	(5,601)	(5,601)
At 31 December 2016	**3,766**	**6,450**	**(6,693)**	**3,523**

1 Accounting policies

Basis of preparation and statement of compliance

Ultimate Finance Group Ltd (the "Company") and together with its subsidiaries, (the "Group") is a company incorporated in the UK.

The Company's 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 2016.

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

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

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';
• IFRS 15 – 'Revenue from Contracts with Customers'; and
• IFRS 16 – 'Leases'.

The adoption of IFRS 9 will require changes in the classification and measurement and impairment of the Group's loans and other receivables, borrowings, and related recognition of income on impaired loans. This Standard will come into force with effect from the Group's financial statements on 1 January 2018, as endorsed by the European Union. Following the publication of the final version of the Standard by the IASB in July 2014, the Group has begun to assess its potential impact, and will report further on this in future periods.

IFRS 15 will replace the standards currently governing the recognition of that part of the Group's income which does not derive directly from financial assets. IFRS 15 will come in to force with effect from the Group's financial statements on 1 January 2018, and management will consider its potential impact on the Group's financial statements, if any.

IFRS 16 will replace current standard IAS17, providing the guidance of bringing most leases on-balance sheet for lessees under a single account model. IFRS 16 will be effective for periods beginning of or after 1 January 2019.

1 Accounting policies *(continued)*

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the exposure to variable returns of its subsidiaries and it has the ability to affect those returns through power over its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated.

Consolidation of a subsidiary is required from the time when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the date the Company gains control.

In accordance with Section 408 of the Companies Act 2006, no profit and loss account is presented for the Company.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred.

Going Concern

The Group recognised a loss after tax of £5.0 million in 2016 and £2.1 million 2015. These accumulated losses have caused the Group's retained losses to increase to £6.4 million at 31 December 2016 from £1.4 million at 31 December 2015 and its Net Assets to reduce to £3.8 million from £8.8 million over the same period. The directors have considered the financial position of the Group and its forecasted cash flows from its five-year forecasts and have concluded that the Group has adequate funding in place to allow it to continue its business and growth plans, including both shareholder support and external facilities. The directors are confident that back-to-back funding will continue to be available and are actively seeking additional sources of funding to allow them to pursue their growth aspirations.

After reviewing the Group's forecasts and projections and the support of the Company's shareholders and the financial institutions providing back-to-back financing facilities to the Group, the directors have a reasonable expectation that the Group 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 consolidated 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 consolidated financial statements.

1 Accounting policies *(continued)*

Revenue recognition

Revenue comprises fees for the provision of invoice, asset and trade financing services and the provision of loans net of Value Added Tax, and is recognised as explained below.

The determination of whether certain fees and costs form part of the Effective Interest Rate ("EIR") is a critical judgement. Management assesses the nature of fees charged and incurred, the nature of services provided or received and the extent to which these relate closely to the issue of a financial instrument. To the extent that costs or income do relate closely to the issue of a financial instrument, they are included within the EIR calculation.

Interest income

Interest income is recognised in the statement of comprehensive income for all financial assets measured at amortised cost using 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. When calculating the EIR, the Group 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 and other fee income

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

Finance income

Hire purchase and finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of these leases.

Expenses

Commissions

Where commissions are not directly linked to a financial instrument, it is recognised in the statement of comprehensive income over the period to which it relates.

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 Group 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 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 and British Business Bank are shown within cost of sales. The facility is used to finance loans provided to certain Group clients and is backed by the underlying debts of the clients.

1 Accounting policies *(continued)*

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.

Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

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.

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.

Investments

Investments in subsidiaries are carried at cost less provisions for impairment.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment.

Goodwill is allocated on initial recognition to each of the Group's cash generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill. Impairment charges are included in the administrative expenses line item in the consolidated statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

1 Accounting policies *(continued)*

Intangible assets

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over the useful economic lives. The amortisation expense is included within the other administrative expenses line in the consolidated statement of comprehensive income.

Intangible assets are recognised on business combination if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Internally acquired intangible assets

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

Current estimates of useful economic lives of intangible assets are as follows:

Goodwill	indefinite (subject to annual / regular impairment testing)
Product development	five years after product launch
Customer relationships	two years

Impairment of intangible assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

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:

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

Cash and cash equivalents

Cash balances and demand deposits are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

1 Accounting policies *(continued)*

Financial assets and financial liabilities

Management determine the classification of the Group'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 Group 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 profit or loss, transaction costs that are directly attributable to their acquisition.

The Group initially recognises advances to clients and related parties on the date that they are originated. These balances are included in loans and other receivables and are initially recognised at fair value including directly attributable costs, 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 Group initially recognises borrowings from banks and related parties at fair value, and are subsequently measured at amortised cost, using the effective interest method. These balances are included in borrowings and trade and other payables.

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 periods 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 Group assesses on an ongoing basis whether there is objective evidence that an individual loan asset is impaired. If any such indication exists, the asset's 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

The Group 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.

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

1 Accounting policies *(continued)*

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.

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 Critical accounting judgements and key sources of estimation uncertainty

In these consolidated financial statements management has made judgements, estimates and assumptions, in accordance with IFRS, that affect the applications of the Group's accounting policies and the reported amounts of assets and liabilities as at the date of reporting the financial statements and the reported amounts of revenues and expenditure during the period. Actual results may differ from these estimates.

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 consolidated financial statements is included in the following notes:
Note 1 – revenue recognition of interest income and other fees, including the period over which the revenue is recognised
Note 1 – provisioning against receivables, determining the appropriate level of provision required

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 2016 is included in the following notes:
Note 11 – impairment of goodwill, determining on annual basis future cash flow and required fair value

3 Prior period restatement

In 2016, the Group reviewed the revenue recognition of all of its financing products and restated accounts, where necessary, based on the changes required for compliance with IFRS standards as listed below:

Intangible assets
The Group subsidiary, Ultimate Business Finance Limited, developed a new on-line platform for short term loans in 2015. As part of the new product development, the testing portfolio generated interest income which was presented as deductions from capitalised product development cost within intangible assets. In 2016, the new product was launched and management reviewed the capitalisation of intangible assets related to product development. Management concluded that, the interest income generated should have been credited to revenue in 2015 and 2016, rather than deducted from the carrying value of the intangible asset.

3 Prior period restatement *(continued)*

Interest on loans
The Group charges interest to clients for providing cash loans. Repayments for those loans are made on a periodic basis, mostly weekly. The Group recognised interest income on these loans using the sum of digits method. Management have reviewed this calculation method and do not believe that it accurately reflects the requirements of the effective interest rate method. Management have therefore amended the revenue recognition profile to the effective interest rate method in line with the requirements of IAS 39.

Facility set up fees
The Group charges facility set up fees. These fees were recognised as revenue at the point of charge to the client. As these fees were in respect of the provision of a service rather than a loan, these fees should be recognised on a straight line basis over the average expected life of the facility.

Trade finance fees
The Group recognised fees charged to its clients for loans under a trade financing arrangement using the sum of digits method over the deal terms. The fee is the excess of the amount to be collected over the actual amount advanced for the trade deal entered into by the borrower. In 2016, the Group changed its method of income recognition to the effective interest rate method.

Commission
In 2015, introducer commissions paid, which are incremental costs that are directly attributable to the issue of financial instruments were presented immediately and separately as cost of sales instead of being recognised as part of the effective interest rate method.

Unearned income
In 2015, loans and receivables included unearned income for which a reciprocal liability was recognised in trade and other payables. In 2016, the Group has removed the unearned income and the related element within trade and other payables so that loans and receivables are recognised at amortised cost.

As these changes in accounting policy above were made in a reporting period prior to the comparative period, the statement of financial position and statement of comprehensive income as at 1 January 2015 and 31 December 2015 were restated as follows:

1 January 2015 **Statement of Financial Position**	**As previously reported** **£'000**	**Prior period adjustment** **£'000**	**As restated** **£'000**
Non-current assets			
Intangible asset	**5,853**	125	5,978
Current assets			
Loans and other receivables	64,642	(635)	64,007
Current liabilities			
Trade and other payables	9,551	(375)	9,176
Net assets	**11,013**	**(135)**	**10,878**
Equity attributable to owners of the Group			
Retained earnings	797	(135)	662
Total equity	**11,013**	**(135)**	**10,878**

3 Prior period restatement *(continued)*

	As previously reported £'000	Prior period adjustment £'000	As restated £'000
31 December 2015			
Statement of Comprehensive Income			
Revenue	**19,521**	**(123)**	**19,398**
Cost of sales	(8,977)	283	(8,694)
Gross profit	**10,544**	**160**	**10,704**
Administrative expenses	(11,015)	-	(11,015)
Loss for the year and total comprehensive loss	**(2,243)**	**160**	**(2,083)**
Statement of Financial Position			
Non-current assets			
Intangible assets	5,863	298	6,161
Current assets			
Loans and other receivables	83,656	(682)	82,974
Current liabilities			
Trade and other payables	48,935	(409)	48,526
Net assets	**8,770**	**25**	**8,795**
Equity attributable to owners of the Group			
Retained earnings	(1,446)	25	(1,421)
Total equity	**8,770**	**25**	**8,795**

4 Revenue

Revenue arises from:	2016 £'000	2015 As restated (note 3) £'000
Hire purchase		
Hire purchase aggregated turnover	**8,344**	4,571
Hire purchase aggregated capital repayments	**(6,759)**	(3,256)
Hire purchase gross earnings	**1,585**	1,315
Finance lease		
Finance lease turnover	**2,275**	997
Finance lease capital repayments	**(1,878)**	(960)
Finance lease gross earnings	**397**	37

4 Revenue *(continued)*

Loans		
Service fee income	**8,218**	8,585
Interest income	**6,595**	4,566
Other fee income	**5,641**	4,895
	22,436	19,398

5 Cost of sales

	2016 £'000	2015 £'000
Cost of sales - finance costs	**1,342**	1,508
Cost of sales - other	**8,021**	7,186
	9,363	8,694

"Cost of sales - finance costs" include interest payable on the back to back financing facilities with Lloyds Commercial Finance.

"Cost of sales – other" relates to external legal fees, bad debt costs and internal commissions incurred. Where external fees are recharged to clients, such recharges are included within revenue.

6 Operating loss

	2016 £'000	2015 £'000
This has been arrived at after charging:		
Staff costs (note 7)	**9,161**	8,373
Deprecation of property, plant and equipment (note 12)	**461**	453
Amortisation of intangible assets (note 11)	**291**	54
Operating lease expense:		
- Vehicles	**167**	127
- Buildings	**394**	245
Fees payable to the Company's auditor:		
Auditor's remuneration of Company	**5**	-
Auditor's remuneration of subsidiaries	**60**	-
Total audit fees	**65**	-
Audit related assurance services		-
Tax compliance services	**3**	-
Tax advisory services	**22**	-
Total non-audit services	**25**	-

2015 audit fees of £53,000 were borne by the parent company at that time, Ultimate Finance Holdings Limited.

7 Staff costs

Staff costs (including directors) comprise:	2016 £'000	2015 £'000
Wages and salaries	**7,610**	7,157
Social security costs	**1,018**	809
Other pension costs	**533**	407
	9,161	8,373

The average number of persons employed by the Group (including directors) during the year was 196 (2015: 146)

Directors' remuneration

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

	2016 £'000	2015 £'000
Directors' emoluments	-	853
Group contributions to money purchase pension plans	-	56
	-	909

The aggregate of emoluments of the highest paid director was £nil (2015: £438,000), including termination payments of £nil (2015: £438,000), and Group pension contributions of £nil (2015: £1,400) were made to a money purchase pension scheme on their behalf. Directors of the Company are also directors of the parent company, Bentley Park (UK) Limited. Remuneration of the directors is disclosed in the accounts of the parent.

8 Finance income and expense

	2016 £'000	2015 £'000
Finance income		
Bank interest income	**14**	40
Finance expense(1)		
Intra-group loan interest	**1,293**	375

(1) Borrowing costs in relation to the back to back facility (note 16) are not included here but are included within cost of sales – finance costs.

9 Tax expense

Deferred tax expense

	2016 £'000	2015 £'000
Origination and reversal of temporary differences	**170**	(114)
Adjustment in respect of the previous year	-	-
Total tax charge / (benefit)	**170**	(114)

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:

	2016	2015 As restated (note 3)
	£'000	£'000
Loss before tax	**(4,812)**	(2,197)
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	**(962)**	(445)
Expenses not deductible for tax purposes	**(136)**	69
Accelerated capital allowances	**(248)**	(5)
Adjustment in respect of the previous year	**-**	-
Effect on Losses forward	**729**	(187)
Group relief claimed without payment	**799**	451
Other short term differences	**(12)**	3
Effect of restatement		-
Total tax expense / (income)	**170**	(114)

10 Investments – Company

	£'000
Cost at 1 January 2015	7,070
Cost at 31 December 2015 and 31 December 2016	**7,070**

The undertakings in which the Company's interest at the year-end is more than 20 % are as follows:

Name of company	Place of incorporation	Method used to account for investment	Proportion held
Ultimate Finance Limited	England	Historical cost	100%
Ultimate Construction Finance Limited	England	Historical cost	100%
Ultimate Trade Finance Limited	England	Historical cost	100%
Ultimate Asset Finance Limited	England	Historical cost	100%
Ultimate Business Finance Limited	England	Historical cost	100%
Ultimate Factors Limited	England	Historical cost	100%
Ultimate Accelerated Payments Limited	England	Historical cost	100%
BizHelp24 Limited	England	Historical cost	100%
Ashley Finance Limited	England	Historical cost	100%
Ashley Business Finance Limited	England	Historical cost	100%

11 Goodwill and intangibles

	Goodwill	Customer relationship	Capitalised Development costs	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 Jan 2015 , as restated (note 3)	5,339	682	694	6,715
Additions	-	-	237	237
Balance at 31 Dec 2015, as restated (note 3)	5,339	682	931	6,952
Balance at 1 Jan 2016	**5,339**	**682**	**931**	**6,952**
Additions	-	-	-	-
Balance at 31 Dec 2016	**5,339**	**682**	**931**	**6,952**
Accumulated amortisation				
Balance at 1 Jan 2015	-	682	55	737
Amortisation charge for the year	-	-	54	54
Balance at 31 Dec 2015	-	682	109	791
Balance at 1 Jan 2016	-	682	109	791
Amortisation charge for the year	-	-	291	291
Balance at 31 Dec 2016	-	**682**	**400**	**1,082**
Net book value				
Balance at 31 Dec 2015	5,339	-	822	6,161
Balance at 31 Dec 2016	**5,339**	-	**531**	**5,870**

The Goodwill recorded all relates to the acquisition of Ashley Finance. Management has concluded that this represents one cash generating unit (CGU). The recoverable amount of the CGU has been considered through value in use calculations based on cash flow projections over 5 years from formally approved forecasts covering the period to December 2021 year end and assessed against the value of Goodwill for impairment.

The major assumptions used are as follows: discount rate 5%

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on management's assessment of specific risks related to the CGU. The recoverable amount for the CGU exceeds its carrying amount by £8.45 million. The discount rate would need to increase to 45.5% for the carrying value and recoverable amount to become approximately equal.

12 Property, plant and equipment - Group

	Computers	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1 January 2015	624	557	542	1,723
Additions	137	417	218	772
Balance at 31 December 2015	761	974	760	2,495

12 Property, plant and equipment – Group *(continued)*

	Computers	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2016	761	974	760	2,495
Additions	279	20	-	299
Balance at 31 December 2016	**1,040**	**994**	**760**	**2,794**
Accumulated depreciation				
Balance at 1 January 2015	462	331	140	933
Depreciation charge for the year	121	145	187	453
Balance at 31 December 2015	583	476	327	1,386
Balance at 1 January 2016	583	476	327	1,386
Depreciation charge for the year	135	152	174	461
Balance at 31 December 2016	**718**	**628**	**501**	**1,847**
Net book value				
At 1 January 2015	162	226	402	790
At 31 December 2015	178	498	433	1,109
At 31 December 2016	**322**	**366**	**259**	**947**

12 Property, plant and equipment - Company

	Computers	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2016	-	-	-
Additions	199	5	204
Balance at 31 December 2016	**199**	**5**	**204**
Accumulated depreciation			
Balance at 1 January 2016	-	-	-
Depreciation charge for the year	16	1	17
Balance at 31 December 2016	**16**	**1**	**17**
Net book value			
At 1 January 2016	-	-	-
At 31 December 2016	**183**	**4**	**187**

13 Loans and other receivables

	Group	Group	**Company**	Company
		2015		
		As restated		
	2016	Note 3	**2016**	2015
	£'000	£'000	**£'000**	£'000
Loans receivables	**102,438**	88,873		
Deferred revenue	**(1,263)**	(683)		
Prepayments	**997**	800	**340**	7
Amounts owed by Group undertakings	**-**	-	**47,065**	33,661
Other receivables	**-**	-	**150**	
	102,172	88,990	**47,555**	33,668

		2015
		As restated
	2016	(note 3)
Analysed as:	**£'000**	£'000
Non-current loans and other receivables (recoverable after 12 months)	**12,095**	6,016
Current loans and other receivables (recoverable within 12 months)	**90,077**	82,974
	102,172	88,990

Loans and other receivables denominated in currencies other than sterling comprise £802,000 (2015: £369,000) denominated in Euros, £923,000 denominated in US dollars (2015: £861,000), £nil denominated in AU dollars (2015: £25,000). The Group currently has no significant exposure to currency risk, as loans and other receivables denominated in currency other than sterling are match funded by the Lloyds back-to- back facility on the same day.

The table below summarises the Group's exposure to credit risk:

	2016	2015
	£'000	£'000
Outstanding client balances	**111,066**	93,624
Allowances for losses	**(8,628)**	(4,751)
	102,438	88,873

Collateral

In addition to the value of the underlying assigned sales ledger balances, the Group 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. The Group is only able to take possession of this security following and 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.

13 Loans and other receivables *(continued)*

Movement of the Group provisions for impairment of loans receivables are as follows:

Allowances for losses

	2016 £'000	2015 £'000
Balance brought forward	**4,751**	1,710
Reversal of the provision in the year	**(576)**	(1,152)
Provision for the period	**4,453**	4,193
Balance carried forward	**8,628**	4,751

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

Ageing of loans and receivables

	2016			2015		
	Total £'000	**Impairment £'000**	**Net £'000**	Total £'000	Impairment £'000	Net £'000
Neither past due nor impaired	**99,508**	**(367)**	**99,141**	86,094	(208)	85,886
Past due but not impaired	**2,053**	**-**	**2,053**	1,770	-	1,770
Individually impaired loans	**9,505**	**(8,261)**	**1,244**	5,760	(4,543)	1,217
	111,066	**(8,628)**	**102,438**	93,624	(4,751)	88,873

The carrying value of loans and other receivables held at the current and prior year is not materially different from its fair value.

14 Finance lease receivables

Ultimate Asset Finance provides equipment lease rentals to its customers.

The customer contracts are classified as finance lease receivables as the rental period amounts to the estimated useful economic life of the assets concerned. Ultimate Asset Finance often has the right to purchase the assets outright from the finance provider at the end of the minimum lease term by paying a nominal amount.

Finance lease receivables are included within loans and receivables. Future lease receipts are due as follows:

At 31 December 2016	**Future minimum £'000**	**Unearned finance income £'000**	**Present value £'000**
Not later than one year	**10,183**	**(1,640)**	**8,543**
Later than one year and not later than five years	**15,131**	**(3,145)**	**11,985**
Later than five years	**172**	**(63)**	**109**
	25,486	**(4,848)**	**20,637**

At 31 December 2015	Future minimum £'000	Unearned finance income £'000	Present value £'000
Not later than one year	6,565	(1,247)	5,318
Later than one year and not later than five years	7,566	(1,550)	6,016
	14,131	(2,797)	11,334

The unearned finance income at 31 December 2016 was £4.8m (2015: £2.8m). There was no unguaranteed residual value accruing at the period end (2015: £Nil).

15 Cash and cash equivalents

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Cash and cash equivalents	**15,303**	11,366	**5,852**	4,813

Cash denominated in currencies other than sterling comprise:	**2016 £'000**	2015 £'000
EUR	**87**	586
USD	**56**	1,719
AUD	**104**	-

16 Bank borrowings and overdrafts

	2016 £'000	2015 £'000
Bank borrowings and overdrafts	**53,110**	49,742

The Group has syndicated back to back financing facilities with Lloyds Commercial Finance and British Business Bank. The facilities, which operate with six months' notice, allows the Group to draw down up to 75% of the notified value of approved invoices of its core invoice finance clients and 30% of its construction industry clients. Amounts can be drawn down, repaid and redrawn throughout the life of the facility on the condition that this and other criteria are met. The bank borrowings of £53.1m relate to this facility, leaving headroom of £21.9m at 31 December 2016.

Interest rate sensitivity analyses

The Group's interest rate risk relates to Libor element of Lloyds back-to-back facilities. The Group assumes, in the case of change in Libor rate +/- 0.5% the increase / decrease in reported profit and closing equity by +/- £6,700. The sensitivity rate of 0.5% represents the directors' assessment of a reasonably possible change, based on historic volatility.

17 Trade and other payables

	Group 2016 £'000	Group 2015 As restated (note 3) £'000	Company 2016 £'000	Company 2015 £'000
Trade payables	**6,795**	6,028	**186**	-
Other payables and accrued expenses	**5,950**	7,250	**1,144**	-
Amounts owed to parent undertaking	**54,874**	36,228	**55,811**	36,427
	67,619	49,506	**57,141**	36,427

Analysed as:

	2016 £'000	2015 As restated (note 3) £'000
Current trade and other payables (settlement within 12 months)	**67,523**	48,526
Non-current trade and other payables (settlement after 12 months)	**96**	980
	67,619	49,506

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.

The maturity profile of the Group's and Company's current financial liabilities is shown below:

	Group Within one month £'000	Group Less than a year £'000	Company Within one month £'000	Company Less than a year £'000
2016				
Trade payables	**6,795**	**-**	**186**	**-**
Other payables and accrued expenses	**-**	**5,854**	**-**	**1,144**
Amounts owed to parent undertaking	**-**	**54,874**	**-**	**55,811**
Bank borrowings	**-**	**53,110**	**-**	**-**
	6,795	**113,838**	**186**	**56,955**
2015				
Trade payables	6,028	-	-	-
Other payables and accrued expenses	-	6,270	-	-
Amounts owed to parent undertaking	-	36,228	-	36,427
Bank borrowings	-	49,742	-	-
	6,028	92,240	-	36,427

18 Employee benefits

Pension

The Group operates a defined contribution pension scheme. The pension cost charge for the period includes contributions payable by the Group to the scheme and amounted to £533,000 (2015: £331,000).
Contributions amounting to £68,000 were unpaid at the year end and are included in trade and other payables (2015: £78,000).
The Group also paid into schemes outside of the Group's defined contribution scheme for none directors (2015: two) during the year.

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2015 - 20%).

Recognised deferred tax assets

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

Charge in respect of deferred tax during period

	2016	2015
	£'000	£'000
Accelerated capital allowances	**(170)**	114
Adjustment in respect of the previous year	**-**	-
	(170)	114

Movement on the deferred tax asset during the year

	2016	2015
	£'000	£'000
At the beginning of the period	**420**	304
Charge	**(170)**	114
At the end of the period	**250**	418

The deferred tax asset in the table above relate to accelerated capital allowances claimed by the Company.

20 Share capital

Issued and fully paid	**2016 Number**	**2016 £'000**	2015 Number	2015 £'000
Ordinary shares of £0.05 each	**75,324,700**	**3,766**	75,324,700	3,766

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.

21 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 2025 at the latest.

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

	Land & buildings 2016 £'000	**Other 2016 £'000**	Land & buildings 2015 £'000	Other 2015 £'000
Not later than one year	**226**	**330**	226	236
Later than one year and not later than 5 years	**757**	**148**	757	287
More than five years	**213**	**-**	350	-
	1,196	**478**	1,333	523

22 Related party transactions

Transaction between the Company and its subsidiaries, which are related parties under common control, have been eliminated on consolidation.

Trading transactions

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

	Amounts owed by related parties	
	2016 £'000	2015 £'000
The parent		
Bentley Park (UK) Limited	**(54,874)**	
Company within Group		
Ultimate Finance Holdings Ltd	**-**	(36,228)
Ultimate Finance Limited	**11,389**	
Ashley Finance Limited	**837**	-
Ashley Business Finance Limited	**8,887**	-
Ultimate Asset Finance Limited	**17,563**	-
Ultimate Trade Finance Limited	**6,006**	-
Ultimate Construction Finance Limited	**-**	-
Ultimate Business Finance Limited	**2,381**	-

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.

23 *Costs of acquisition*

During the prior period, Ultimate Finance Holdings Limited, the Company's parent company at the time, was acquired by Bentley Park (UK) Limited. The Company incurred the following exceptional costs as a result of that acquisition:

	2016	2015
	£'000	£'000
Director termination	-	692
Advisory fees	-	457
Stock exchange deregistration	-	81
Loan facility early termination	-	322
	-	1,552

24 Capital commitments

There were no capital commitments at the end of the financial period (2015: £nil)

25 Guarantee and indemnity

The Group has syndicated back to back facilities with Lloyds Commercial Finance and British Business Bank for £85 million. The facilities are used to finance loans provided to clients and are backed by the underlying debts of the clients.

The facilities are secured against a guarantee and an all assets debenture given by Ultimate Finance Limited and Ashley Finance limited, a deed of guarantee and indemnity given by the Company and Ultimate Finance Holdings Limited, an omnibus guarantee and set-off agreement and debentures from other group companies.

26 Financial risk management

The Group provides a range of financing products to its clients and funds these activities by means of intercompany and external borrowings. Lending tends to be bespoke for individual clients and transactions. The Group's principal risk is thus credit risk, and this is managed via an appropriate credit review process and the margins charged.

Credit risk

Credit risk arises from all exposures to clients on the Group's financing activities. The Group's board establishes underwriting limits, reviews concentrations and establishes procedures on credit decisions.
Transactions that exceed the individual product's own limits are then passed to a parent company for a decision. Major exposures and levels of default together with other credit issues are reviewed regularly. The Group 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.

Market interest rate and foreign exchange risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial investments. The Group does not have significant exposure to currency risk or interest rate risk as fluctuations in these are passed onto the Group's client base.

26 Financial risk management *(continued)*

The following table summarises the Group's minimal exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity date:

2016	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Loans Receivables	-	**80,538**	-	**80,538**
Finance Lease Receivables	-	**20,637**	-	**20,637**
Trade and Other Receivables	-	-	**997**	**997**
Cash and Equivalents	-	-	**15,303**	**15,303**
Liabilities				
Borrowings	**53,110**	-	-	**53,110**
Inter-group borrowings	-	**54,874**	-	**54,874**
Trade and Other Payables	-	-	**5,950**	**5,950**

2015	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Loans Receivables	-	76,856	-	76,856
Finance Lease Receivables	-	11,334	-	11,334
Trade and Other Receivables	-	-	800	800
Cash and Equivalents	-	-	11,366	11,366
Liabilities				
Borrowings	49,742	-	-	49,742
Inter-group borrowings	-	36,228	-	36,228
Trade and Other Payables	-	-	13,278	13,278

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's principal liquidity risk is in respect of the requirement to maintain sufficient levels of borrowing to fund the financed portfolio over the period that the loans remain outstanding. The Group borrows from related parties and 3rd party financing institutions and the Group's Directors maintain a regular review and contact with these fellow subsidiaries to ensure sufficient funds remain available. The maturity profile of financial liabilities is discussed in note 17.

26 Financial risk management *(continued)*

Fair value of financial instruments

The following tables present the fair value of Group's all financial assets and liabilities:

	2016 Carry value £'000	2016 Fair value £'000	2015 Carry value £'000	2015 Fair value £'000
Financial Assets				
Loans Receivables	**80,538**	**80,538**	76,856	76,856
Finance Lease Receivables	**20,637**	**20,637**	11,334	11,334
Trade and Other Receivables	**997**	**997**	800	800
Cash and Equivalents	**15,303**	**15,303**	11,366	11,366
Financial Liabilities				
Borrowings	**53,110**	**53,110**	49,742	49,742
Inter-group borrowings	**54,874**	**54,874**	36,228	36,228
Trade and Other Payables	**5,950**	**5,950**	13,278	13,278

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial Instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Group. At the moment there is no financial instrument where no active market exists but if in future the Group had financial instruments where no active market price or rate is available, fair values would be estimated using present value or other valuation techniques, using inputs based on market conditions existing at the financial year end date.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximates to their fair value.
The directors consider that the carrying amount of loans and receivables and borrowings due within one year approximates to their fair value due, due to the short term nature of their repayments or payable on demand.

The Group measures fair values into a fair value hierarchy based on the following valuation technique used to determine fair value:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Valuation techniques based on observable prices, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. An adjustment to a Level 2 input that is significant to the entire measurement might result in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

Level 3
Valuation techniques using significant unobservable inputs. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

26 Financial risk management *(continued)*

The tables below analyse financial instruments measured at fair value into the above fair value hierarchy.

	2016 Level 1 £'000	2016 Level 2 £'000	2016 Level 3 £'000	2016 Total £'000
Financial instruments				
Finance lease receivables	-	20,637	-	20,637
Loans receivables	-	80,538	-	80,538
Trade and other receivables	-	-	997	997
Cash and equivalents	-	15,303	-	15,303
Bank borrowings	-	53,110	-	53,110
Intra-group borrowings	-	-	54,874	54,874
Trade and Other Payables	-	-	5,950	5,950

	2015 Level 1 £'000	2015 Level 2 £'000	2015 Level 3 £'000	2015 Total £'000
Financial instruments				
Finance lease receivables	-	11,334	-	11,334
Loans receivables		76,856	-	76,856
Trade and other receivables	-	-	800	800
Cash and equivalents	-	11,366	-	11,366
Bank borrowings	-	49,742	-	49,742
Intra-group borrowings	-	-	36,228	36,228
Trade and Other Payables	-	-	13,278	13,278

27 Ultimate parent company

The Company is a trading subsidiary of Bentley Park (UK) Limited, a company incorporated in England and Wales.

The largest group in which the results of the parent and subsidiary company are consolidated is that headed by the Company's parent undertaking, Bentley Park (UK) Limited, a company incorporated in England and Wales. The consolidated financial statements of this company 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.

27 Post balance sheet event

In September 2017, the back-to-back facility with Lloyds Commercial Financing increased from £75 million to £85 million.