ULTIMATE FINANCE GROUP LIMITED

Report and Consolidated Financial Statements

for the year ended

31 December 2017

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

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 newer products launched more recently:

Invoice Finance
Invoice Financing offers immediate cash advances against approved unpaid invoices. This product is suitable for businesses that have money tied up in unpaid invoices. Ultimate Finance Limited offers invoice discounting where the customer continues to manage its credit control and sales ledger and factoring, where Ultimate Finance 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 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 SMEs spread the cost of buying assets through hire purchase or finance leases, typically over a two to five-year period.

Trade Finance
This is a funding solution to bridge the gap in payment between 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

Revenue for the year to 31 December 2017 was £26,657,000 (2016: £22,436,000) and the Group made a loss before tax of £5,362,000 for the current period (2016: £4,812,000). Loans and receivables to customers increased to £160,010,000 (2016: £111,066,000) as a result of increased trading by the Group.

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 the areas of technology, sales, 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. 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 McMyn
Director

30 September 2018

The directors present their Group consolidated audited financial statements for the year ended 31 December 2017.

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 (2016: £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 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 Group'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 Group's auditor is aware of that information.

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

Auditor

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.

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 by

Neil McMyn
Director

30 September 2018

Statement of directors' responsibilities in respect to the strategic report, the directors' report and the financial statements
For the year ended 31 December 2017

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Ultimate Finance Group Limited
For the year ended 31 December 2017

Opinion

We have audited the financial statements of Ultimate Finance Group Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Cash Flows, Consolidated and Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Peter Lomax

Peter Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
30 September 2018

Ultimate Finance Group Limited

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue	3	**26,657**	22,436
Cost of sales	4	**(10,930)**	(9,363)
Gross profit		**15,727**	13,073
Administrative expenses		**(21,098)**	(16,606)
Operating loss	5	**(5,371)**	(3,533)
Finance expense	7	**(-)**	(1,293)
Finance income	7	**9**	14
Loss before tax		**(5,362)**	(4,812)
Taxation	8	**(145)**	(170)
Loss for the year and total comprehensive loss		**(5,507)**	(4,982)

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 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		£000	£000	**£000**	£000
Non-current assets					
Investment in subsidiaries	9	-	-	**7,070**	7,070
Goodwill and intangibles	10	**5,938**	5,870	**333**	-
Property, plant and equipment	11	**1,010**	947	**658**	187
Loans and other receivables	12,13	**22,366**	12,095	-	-
Deferred tax assets	18	**33**	250	-	-
		29,347	19,162	**8,061**	7,257
Current assets					
Loans and other receivables	12	**127,820**	90,077	**71,266**	47,555
Cash and cash equivalents	14	**11,964**	15,303	**3,250**	5,852
		139,784	105,380	**74,516**	53,407
Total assets		**169,131**	124,542	**82,577**	60,664
Current liabilities					
Bank borrowings	15	**71,942**	53,110	-	-
Trade and other payables	16	**78,122**	67,523	**70,649**	57,141
		150,064	120,633	**70,649**	57,141
Non-current liabilities					
Trade and other payables	16	**261**	96	-	-
Total liabilities		**150,325**	120,729	**70,649**	57,141
Net assets		**18,806**	3,813	**11,928**	3,523
Equity attributable to owners of the parent					
Share capital	19	**24,266**	3,766	**24,266**	3,766
Share premium		**6,450**	6,450	**6,450**	6,450
Retained deficit		**(11,910)**	(6,403)	**(18,788)**	(6,693)
Total equity		**18,806**	3,813	**11,928**	3,523

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 30 September 2018 and were signed on its behalf by:

Neil McMyn
Director

Ultimate Finance Group Limited

Consolidated and Company statement of cash flows
For the year ended 31 December 2017

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £000	Company 2016 £000
Cash flows from operating activities					
Operating loss for the period		**(5,362)**	(3,533)	**(12,095)**	(4,322)
Adjustments for:					
Depreciation of property, plant and equipment	11	**668**	461	**157**	17
Amortisation of intangible assets	10	**296**	291	**31**	-
Provisions for impairment of loans and other receivables		**2,643**	8,628	-	-
Interest expense		**4,173**	-	**2,555**	-
Interest income		**(9)**	-	**(9)**	-
(Gain)/loss on sale of fixed assets		**(48)**	-	**42**	-
		2,361	5,847	**(9,319)**	(4,305)
(Increase)/decrease in loans and other receivables	12	**(50,657)**	(21,834)	**254**	(13,887)
(Decrease)/increase in trade and other payables	16	**(239)**	18,113	**1,061**	(20,714)
Decrease in net intercompany payables		**-**	-	**6,429**	-
Net cash (used in)/provided by operating activities		**(48,535)**	2,126	**(1,575)**	2,522
Cash flows from investing activities					
Acquisition of intangible assets	10	**(364)**	-	**(364)**	-
Acquisition of property, plant & equipment	11	**(782)**	(299)	**(672)**	(204)
Proceeds on disposal of property, plant & equipment	11	**99**	-	**-**	-
Net cash used in investing activities		**(1,047)**	(299)	**(1,036)**	(204)
Cash flows from financing activities					
Finance income	7	**9**	14	**9**	14
Finance expense	7	**(1,618)**	(1,293)	**-**	(1,293)
Repayment of long term borrowings	16	**(980)**	-	**-**	-
Increase in bank borrowings	15	**18,832**	3,389	**-**	-
Increase in loans from parent company		**30,000**	-	**-**	-
Net cash provided by / (used in) financing activities		**46,243**	2,110	**9**	(1,279)
Net movement in cash and cash equivalents		**(3,339)**	3,937	**(2,602)**	1,039
Cash and cash equivalents at the start of the period		**15,303**	11,366	**5,852**	4,813
Cash and cash equivalents at the end of the period	14	**11,964**	15,303	**3,250**	5,852

Consolidated and Company statement of changes in equity for the year ended 31 December 2017

Group statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2016	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
Total comprehensive loss	-	—	(5,507)	(5,507)
Shares issued	20,500	—	—	20,500
At 31 December 2017	**24,266**	**6,450**	**(11,910)**	**18,806**

Company statement of changes in equity

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2016	3,766	6,450	(1,092)	9,124
Total comprehensive loss	—	—	(5,601)	(5,601)
At 31 December 2016	3,766	6,450	(6,693)	3,523
Total comprehensive loss for the year	—	—	(12,095)	(12,095)
Shares issued	20,500	—	—	20,500
At 31 December 2017	**24,266**	**6,450**	**(18,788)**	**11,928**

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 2017.

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 company's receivables and borrowings, and related recognition of income on impaired loans. This Standard will come into force with effect from the company's financial statements on 1 January 2018. Management has not yet completed the assessment of the impact of adopting IFRS 9 on the financial statements.

IFRS 15 will replace the standards currently governing the recognition of that part of the company's income which does not derive directly from financial assets. Management has not yet completed the assessment of the impact of adopting IFRS 15 on the financial statements.

IFRS 16 will replace current standard IAS 17, providing the guidance of bringing most leases on-balance sheet for lessees under a single account model. The group has some property leases. It is not anticipated that the implantation of this standard will have a significant impact on the company's results.

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

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 £5.5 million in 2017 and £5.0 million 2016. These accumulated losses have caused the Group's retained losses to increase to £11.9 million at 31 December 2017 from £6.4 million at 31 December 2016. However, as a result of £20.5 million of debt being converted into new shares, its net assets increased to £18.8 million from £3.8 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 lease and hire purchase 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 Bank 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. Interest on loan from the Company's parent is also included in cost of sales.

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.

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 developed intangible assets

Internally developed 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 company financial statements is included in the following notes:

Note 1 – revenue recognition, determine the period over which the revenue is recognised
Note 1 – provisioning against receivables, determining the appropriate level of provision required

Assumptions and estimations 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 2017 is included in the following notes:

Note 12 - 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 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. Future expected cashflows and the valuation of relevant securities are assessed.

Note 16 – determine the value of accruals for purchases committed but invoices not received. Management estimate the value of accruals for such purchases by referring to the Company's purchase order system.

3 Revenue

Revenue arises from:	2017 £'000	2016 £'000
Hire purchase		
Hire purchase aggregated receipts	**12,248**	8,344
Hire purchase aggregated capital repayments	**(9,419)**	(6,759)
Hire purchase gross earnings	**2,829**	1,585
Finance lease		
Finance lease receipts	**3,760**	2,275
Finance lease capital repayments	**(2,993)**	(1,878)
Finance lease gross earnings	**767**	397
Loans		
Service fee income	**9,169**	8,218
Interest income	**8,359**	6,595
Other fee income	**5,533**	5,641
	26,657	22,436

4 Cost of sales

	2017 £'000	2016 £'000
Cost of sales - finance costs	**4,173**	1,342
Cost of sales - other	**6,757**	8,021
	10,930	9,363

"Cost of sales - finance costs" include interest payable on the back-to-back financing facility with Lloyds Bank and the British Business Bank and intercompany interest charged from Bentley Park (UK) Limited, the company's immediate parent. In 2016, intercompany interest payable was included in Finance expense (note 7).

"Cost of sales – other" relates to external legal fees, bad debt costs and internal commissions incurred.

5 Operating loss

	2017 £'000	2016 £'000
This has been arrived at after charging:		
Staff costs (note 6)	**11,214**	9,161
Deprecation of property, plant and equipment (note 11)	**668**	461
Amortisation of intangible assets (note 10)	**296**	291
Operating lease expense:		
- Vehicles	**280**	167
- Buildings	**652**	394

5 Operating loss (continued)

	2017 £'000	2016 £'000
Fees payable to the Company's auditor for the:		
audit of the consolidated Group financial statements	**8**	5
audit of the Company's subsidiaries financial statements	**70**	60
Total audit fees	**78**	65
Other fees to the auditor:		
Tax compliance services	**33**	3
Tax advisory services	**27**	22
Total non-audit fees	**60**	25

6 Staff costs

Staff costs (including directors) comprise:	2017 £'000	2016 £'000
Wages and salaries	**9,237**	7,610
Social security costs	**1,207**	1,018
Other pension costs	**770**	533
	11,214	9,161

The average number of persons employed by the Group (including directors) during the year was 228 (2016: 196)

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) Ltd, and their remuneration is disclosed in the accounts for that company. Recharges from Bentley Park UK Ltd to the company of £895,000 (2016: £715,000) were made in the year which included £510,000 of directors' remuneration (2016: £397,000).

Key management remuneration

	2017 £'000	2016 £'000
Wages and salaries	**1,182**	1,102
Other pension costs	**98**	74
	1,280	1,176

7 Finance income and expense

	2017 £'000	2016 £'000
Finance income		
Bank interest income	**9**	14
Finance expense[(1)(2)]		
Intra-group loan interest	**-**	1,293

(1) Borrowing costs in relation to the back to back facility (note 15) are not included here but are included within cost of sales – finance costs.
(2) In 2017, interest on the intra-group loan has been reclassified to cost of sales – finance costs. 2016 finance costs have not been reclassified.

8 Tax expense

Deferred tax expense

	2017 £'000	2016 £'000
Origination and reversal of temporary differences	**217**	170
Total tax charge	**217**	170

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:

	2017 £'000	2016 £'000
Loss before tax	**(5,362)**	(4,812)
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2016 – 20.25%)	**(1,032)**	(962)
Expenses not deductible for tax purposes	**806**	(136)
Accelerated capital allowances	**217**	(248)
Adjustment in respect of the previous year	**(65)**	-
Effect on losses brought forward	**219**	729
Group relief claimed without payment	**-**	799
Other short term differences	**-**	(12)
Effect of restatement		
Total tax expense	**145**	170

9 Investments – Company

	£'000
Cost at 1 January 2016, 31 December 2016 and 31 December 2017	**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	Net Assets(liabilities) £'000	Profit £'000
Ultimate Finance Limited	England	(3,795)	1,591
Ultimate Construction Finance Limited	England	247	-
Ultimate Trade Finance Limited	England	446	476
Ultimate Asset Finance Limited	England	4,032	1,727
Ultimate Business Finance Limited	England	51	-
Ultimate Factors Limited	England	-	-
Ultimate Accelerated Payments Limited	England	-	-
BizHelp24 Limited	England	-	-
Ashley Finance Limited	England	5,700	1,467
Ultimate Bridging Finance Limited*	England	1,929	1,330

*On 29 August 2018, Ashley Business Finance Limited changed its name to Ultimate Bridging Finance Limited.

All investments are 100% owned and held at their historical cost less any impairment. All companies have their registered office at First Floor, Equinox North, Great Park Road, Bradley Stoke, Bristol BS32 4QL. This is the principal place of business for all the companies above apart from Ashley Finance Limited and Ultimate Bridging Finance Limited which is 8th Floor, 80 Mosley Street, St. Peter's Square, Manchester M2 3FX.

10 Goodwill and intangibles

	Goodwill £'000	Customer relationship £'000	Capitalised Development costs £'000	Software Development £'000	Total £'000
Cost					
Balance at 1 Jan 2016	5,339	682	694	-	6,715
Additions	-	-	237	-	237
Balance at 31 Dec 2016	5,339	682	931	-	6,952
Balance at 1 Jan 2017	5,339	682	931	-	6,952
Additions	-	-	-	364	364
Balance at 31 Dec 2017	**5,339**	**682**	**931**	**364**	**7,316**
Accumulated amortisation					
Balance at 1 Jan 2016	-	682	109	-	791
Amortisation charge for the year	-	-	291	-	291
Balance at 31 Dec 2016	-	682	400	-	1,082
Balance at 1 Jan 2017	-	682	400	-	1,082
Amortisation charge for the year	-	-	265	31	296
Balance at 31 Dec 2017	-	**682**	**665**	**31**	**1,378**

10 Goodwill and intangibles (continued)

	Goodwill	Customer relationship	Capitalised Development costs	Software Development	Total
	£'000	£'000	£'000	£'000	£'000
Net book value					
Balance at 31 Dec 2016	5,339	-	531	-	5,870
Balance at 31 Dec 2017	**5,339**	**-**	**266**	**333**	**5,938**

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 31 December 2022, discounted a rate of 10% and assessed against the value of Goodwill for impairment.

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 £1.3 million. The discount rate would need to increase to 17.3% for the carrying value and recoverable amount to become approximately equal.

Intangibles - Company

	Software Development
	£'000
Cost	
Balance at 1 January 2017	-
Additions	364
Balance at 31 December 2017	**364**
Accumulated amortisation	
Balance at 1 January 2017	-
Amortisation charge for the year	31
Balance at 31 December 2017	**31**
Net book value	
Balance at 31 December 2016	-
Balance at 31 December 2017	**333**

11 Property, plant and equipment - Group

	Computers	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
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
Balance at 1 January 2017	1,040	994	760	2,794
Additions	136	646	-	782
Disposals	(60)	(201)	(241)	(502)
Balance at 31 December 2017	**1,116**	**1,439**	**519**	**3,074**
Accumulated depreciation				
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
Balance at 1 January 2017	718	628	501	1,847
Depreciation charge for the year	183	329	156	668
Disposals	(14)	(201)	(236)	(451)
Balance at 31 December 2017	**887**	**756**	**421**	**2,064**
Net book value				
At 1 January 2016	178	498	433	1,109
At 31 December 2016	322	366	259	947
At 31 December 2017	**229**	**683**	**98**	**1,010**

11 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
Balance at 1 January 2017	199	5	204
Additions	119	553	672
Disposals	(44)	-	(44)
Balance at 31 December 2017	**274**	**558**	**832**

11 Property, plant and equipment – Company (continued)

	Computers	Fixtures and fittings	Tota
Accumulated depreciation	£'000	£'000	£'00(
Balance at 1 January 2016	-	-	-
Depreciation charge for the year	16	1	17
Balance at 31 December 2016	16	1	17
Balance at 1 January 2017	16	1	17
Depreciation charge for the year	97	60	157
Disposals	-	-	-
Balance at 31 December 2017	**113**	**61**	**174**
Net book value			
At 1 January 2016	-	-	-
At 31 December 2016	183	4	187
At 31 December 2017	**161**	**497**	**658**

12 Loans and other receivables

	Group 2017 £'000	Group 2016 £'000	**Company 2017 £'000**	Company 2016 £'000
Loans receivables	**150,708**	102,438	-	-
Deferred revenue	**(2,034)**	(1,263)	-	-
Prepayments	**1,443**	997	**190**	340
Amounts owed by Group undertakings	-	-	**71,028**	47,065
Other receivables	**69**	-	**48**	150
	150,186	102,172	**71,266**	47,555

Analysed as:	**Group 2017 £'000**	Group 2016 £'000	**Company 2017 £'000**	Company 2016 £'000
Non-current loans and other receivables (recoverable after 12 months)	**22,366**	12,095	-	-
Current loans and other receivables (recoverable within 12 months)	**127,820**	90,077	**71,266**	47,555
	150,186	102,172	**71,266**	47,555

Loans and other receivables denominated in currencies other than sterling comprise £802,000 (2016: £369,000) denominated in Euros, £923,000 denominated in US dollars (2016: £861,000), £nil denominated in AU dollars (2016: £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.

12 Loans and other receivables *(continued)*

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

	2017	2016
	£'000	£'000
Outstanding client balances	**160,010**	111,066
Allowances for losses	**(9,302)**	(8,628)
	150,708	102,438

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.

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

Allowances for losses

	2017	2016
	£'000	£'000
Balance brought forward	**8,628**	4,751
Reversal of the provision in the year	**-**	(576)
Provision for the period	**2,643**	4,453
Provision utilised in the year	**(1,969)**	-
Balance carried forward	**9,302**	8,628

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

Ageing of loans and receivables

		2017			2016	
	Total	**Impairment**	**Net**	Total	Impairment	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Neither past due nor impaired	**146,084**	**(731)**	**145,353**	99,508	(367)	99,141
Past due but not impaired	**4,494**	**(170)**	**4,324**	2,053	-	2,053
Individually impaired loans	**9,432**	**(8,401)**	**1,031**	9,505	(8,261)	1,244
	160,010	**(9,302)**	**150,708**	111,066	(8,628)	102,438

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

13 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 2017	**Future minimum lease payments £'000**	**Unearned finance income £'000**	**Present value £'000**
Not later than one year	15,120	(3,746)	11,374
Later than one year and not later than five years	25,787	(3,531)	22,256
Later than five years	118	(8)	110
	41,025	**(7,285)**	**33,740**

At 31 December 2016	Future minimum Lease payments £'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)	11,986
Later than five years	172	(63)	109
	25,486	(4,848)	20,638

The unearned finance income at 31 December 2017 was £7.3m (2016: £4.8m). There was no unguaranteed residual value accruing at the period end (2016: £Nil).

14 Cash and cash equivalents

	2017 Group £'000	2016 Group £'000	**2017 Company £'000**	2016 Company £'000
Cash and cash equivalents	**11,964**	15,303	**3,250**	5,852

Cash denominated in currencies other than sterling comprise:	**2017 £'000**	2016 £'000
EUR	**1,075**	87
USD	**943**	56
AUD	**26**	104
Other	**15**	-

15 Bank borrowings

	2017 £'000	2016 £'000
Bank borrowings	**71,942**	53,110

The Group has syndicated back to back financing facilities with Lloyds Bank and British Business Bank. The facilities, which operate with six months' notice, allow the Group to draw down up to 75% of the notified value of approved invoices of its core invoice finance clients and 60% 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 £71.9m relate to this facility, leaving headroom of £13.1m at 31 December 2017.

Interest rate sensitivity analysis

The Group's interest rate risk relates to the Base element of the Lloyds back-to-back facilities. The Group assumes, in the case of changes in Base rate of +/- 0.5% the increase / decrease in reported profit and closing equity by +/- £294,300. The sensitivity rate of 0.5% represents the directors' assessment of a reasonably possible change, based on historic volatility.

16 Trade and other payables

	Group 2017 £'000	Group 2016 £'000	**Company 2017 £'000**	Company 2016 £'000
Trade payables	**7,560**	6,795	**81**	186
Other payables and accrued expenses	**5,598**	5,950	**2,310**	1,144
Amounts owed to parent undertaking	**65,225**	54,874	**68,258**	55,811
	78,383	67,619	**70,649**	57,141

Analysed as	**Group 2017 £'000**	Group 2016 £'000	**Company 2017 £'000**	Company 2016 £'000
Current trade and other payables (settlement within 12 months)	**78,122**	67,523	**70,649**	57,141
Non-current trade and other payables (settlement after 12 months)	**261**	96	**-**	-
	78,383	67,619	**70,649**	57,141

There are no trade or other payables denominated in currencies other than pound sterling. The Company's liabilities include trade and other payables and borrowing under its bank facility.

16 Trade and other payables (continued)

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

	Group	Group	Company	Company
	Within one month £'000	Less than a year £'000	Within one month £'000	Less than a year £'000
2017				
Trade payables	**7,560**	**-**	**81**	
Other payables and accrued expenses	**-**	**5,337**	**-**	**2,310**
Amounts owed to parent undertaking	**-**	**65,225**	**-**	**68,258**
Bank borrowings (at fair value)	**-**	**72,926**	**-**	**-**
	7,560	**143,488**	**81**	**70,568**
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

17 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 £770,000 (2016: £533,000). Contributions amounting to £103,000 were unpaid at the year end and are included in trade and other payables (2016: 68,000).

18 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016 - 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 the period

	2017 £'000	2016 £'000
Accelerated capital allowances	**(217)**	(170)
	(217)	(170)

18 Deferred tax (continued)

Movement on the deferred tax asset during the year

	2017 £'000	2016 £'000
At the beginning of the period	**250**	420
Charge	**(217)**	(170)
At the end of the period	**33**	250

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

19 Share capital

Issued and fully paid	**2017 Number**	**2017 £'000**	2016 Number	2016 £'000
Ordinary shares of £0.05 each	**485,324,700**	**24,266**	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.

On 21 December 2017, intercompany debt worth £20,500,000 due from the company to its parent, Bentley Park(UK) Limited, was converted into 410,000,000 ordinary shares of £0.05 each.

20 Leases

Operating leases

The group leases all of its properties. The terms vary between properties, although each have periodic rent reviews and have break clauses. Other operating leases relate to leased cars as well as leasing payments in relation to software systems. The current commitments will expire in 2022 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 2017 £'000	**Other 2017 £'000**	Land & buildings 2016 £'000	Other 2016 £'000
Not later than one year	**530**	**252**	226	330
Later than one year and not later than 5 years	**1,296**	**269**	757	148
More than five years	**-**	**-**	213	-
	1,826	**521**	1,196	478

21 Related party transactions

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

Trading transactions

Bentley Park (UK) Limited recharged the company £895,000 (2016: £715,000) of management charges and £2,555,000 (2016: £1,293,000) of interest on intercompany loans. The company recharged £31,000 of management charges to Ultimate Business Finance Limited.

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

	Amounts owed by related parties	
	2017	2016
	£'000	£'000
The parent		
Bentley Park (UK) Limited	**(68,258)**	(54,874)
Company within Group		
Ultimate Finance Limited	**27,927**	11,389
Ashley Finance Limited	**5,714**	837
Ashley Business Finance Limited	**8,515**	8,887
Ultimate Asset Finance Limited	**19,219**	17,563
Ultimate Trade Finance Limited	**7,405**	6,006
Ultimate Construction Finance Limited	**-**	-
Ultimate Business Finance Limited	**2,247**	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 6.

22 Capital commitments

There were no capital commitments at the end of the financial period (2016: £nil)

23 Guarantee and indemnity

The Group has syndicated back-to-back facilities with Lloyds Bank 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 an all assets debenture given by Ultimate Finance Limited and Ashley Finance Limited.

24 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.

24 Financial risk management (continued)

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 risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial investments. The Group manages market risk and its components on a transaction-by-transaction basis.

Interest rate and foreign exchange risks

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.

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:

2017	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Loans Receivables	-	114,934	-	114,934
Finance Lease Receivables	-	33,740	-	33,740
Trade and Other Receivables	-	-	1,512	1,512
Cash and Equivalents	-	-	11,964	11,964
Liabilities				
Borrowings	71,942	-	-	71,942
Inter-group borrowings	-	65,225	-	65,225
Trade and Other Payables	-	-	13,158	13,158

24 Financial risk management (continued)

2016	**Floating rate**	**Fixed rate**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Loans Receivables	-	80,538	-	80,538
Finance Lease Receivables	-	20,638	-	20,638
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	-	-	12,745	12,745

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 16.

Fair value of financial instruments

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

	2017 Carrying value	**2017 Fair value**	2016 Carrying value	2016 Fair value
	£'000	**£'000**	£'000	£'000
Financial Assets				
Loans Receivables	**114,934**	**114,934**	80,538	80,538
Finance Lease Receivables	**33,740**	**30,162**	20,637	20,637
Trade and Other Receivables	**1,512**	**1,512**	997	997
Cash and Equivalents	**11,964**	**11,964**	15,303	15,303
Financial Liabilities				
Borrowings	**71,942**	**72,926**	53,110	53,110
Inter-group borrowings	**65,225**	**65,225**	54,874	54,874
Trade and Other Payables	**13,158**	**13,158**	12,745	12,745

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.

25 Financial risk management

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.

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

	2017 Level 1 £'000	**2017 Level 2 £'000**	**2017 Level 3 £'000**	**2017 Total £'000**
Financial instruments				
Finance lease receivables	-	**30,162**	-	**30,162**
Loans receivables	-	**114,934**	-	**114,934**
Trade and other receivables	-	-	**1,512**	**1,512**
Cash and equivalents	-	**11,964**	-	**11,964**
Bank borrowings	-	**72,926**	-	**72,926**
Intra-group borrowings	-	-	**65,225**	**65,225**
Trade and other Payables	-	-	**13,158**	**13,158**

	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	-	-	12,745	12,745

25 Ultimate parent company and ultimate controlling party

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.

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 of Bentley Park (UK) Limited.

26 Post balance sheet events

In July 2018, RBS Invoice Finance joined the back-to-back financing facility syndicate, increasing the group limit to £125 million.

In 2018, the directors reviewed the group structure and decided to operate all of the group's new invoice finance business in Ultimate Finance Limited. As a result, no new invoice finance activity will be booked in Ashley Finance Limited, although it will continue to service its existing clients.