

Ultimate Invoice Finance Limited

Report and Financial Statements

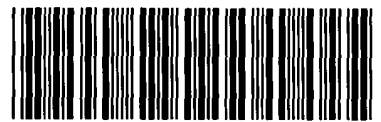
for the year ended

31 December 2015

Company Number 04325262



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Ultimate Invoice Finance Limited

Report and financial statements
for the year ended 31 December 2015

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Ultimate Invoice Finance Limited

Corporate information

Country of incorporation of company

United Kingdom

Legal form

Private limited company

Directors at the date of this report

N McMyn
R Robson

Secretary and registered office

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

Company number

04325262

Auditors

Deloitte LLP, 2 Hardman Street, Manchester M3 3HF

Principal Bankers

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

Company Offices

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

Website

www.ultimatefinance.co.uk

Email address

info@ultimatefinance.co.uk

Ultimate Invoice Finance Limited

Strategic report

Principal activity and nature of business

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

KPIs:

The Board regularly reviews the following KPIs:

- Revenue
- Profit before tax
- Loans and receivables

Revenue for period was 2015 was £11,014,000 (2014: £6,494,000) and the company made a loss before tax £3,152,000 for the current period (2014: £1,387,000). Loans and receivables to customers also increased to £58,655,000 (2014: £38,770,000) as a result of increased trading by the company and an associated provision of £1,179,000 (2014: 507,000).

Principal risks and uncertainties

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

	Business risk	Mitigating management actions
Credit risk	The risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.	The company has strong underwriting processes with constant monitoring of the client's credit situation including review of debtor concentration and validation checks on significant exposures. The company established new policy for credit losses and an allowance for impairment that represents its estimate of incurred losses in respect of specific loans and other receivables.
Liquidity risk	The risk to insolvency arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. The Company funds its business through its arranged back to back funding with third parties but is also dependent upon finance provided by its ultimate parent company in order to provide financing to its clients.	The Company seeks to mitigate this risk by investigating alternative sources of finance which are, or might become, available to the Company and by keeping its funding and working capital position under review. The company also has access to additional funding facilities from its ultimate parent entity and related parties.
Market risk	The risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The Company operates a conservative risk appetite in relation to market risk and adherence to market risk appetite is monitored by management team.

Ultimate Invoice Finance Limited

Strategic report (continued)

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

Outlook

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

Going concern

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

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

Approval

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

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



Neil McMyn
Director

30 September 2016

Ultimate Invoice Finance Limited

Directors' report for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015. The information required by Schedule 7 of the Companies Act 2006 is disclosed in the Strategic Report.

Results and dividends

The statement of comprehensive income is set out on page 10 and shows the loss for the period. The loss will be covered by future profits. Directors do not recommend payment of a dividend (2014: Nil).

Principal activities

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

In the period ended 31 December 2015 the company made a loss before tax of £3,622,000 for the current period (2014: £1,387,000).

On 28 July, 2015 Bentley Park (UK) Limited ('Bentley') acquired Inspired Capital plc, the ultimate parent of the company. Inspired Capital plc re-register as a private limited company and renamed to Ultimate Finance Holdings Ltd.

Following an acquisition on 28th July, 2015, the directors consider the family interest of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Bentley Park (UK) Ltd, registered in England and Wales.

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

Directors and directors' interest

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

R Robson	(appointed 28 July 2015)
N McMyn	(appointed 22 September 2015)
D Blain	(resigned 28 July 2015)
J Brooke	(resigned 28 July 2015)
J Coombes	(resigned 22 September 2015)
D Jewell	(resigned 1 October 2015)
C Lewis	(resigned 1 October 2015)

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

Directors' responsibilities

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;

Ultimate Invoice Finance Limited

Directors' report (continued) for the year ended 31 December 2015

- 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 entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern..

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

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.

Directors' indemnity

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

Disclosure of information to auditor

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

Disclosure of information to auditors

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

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

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

Approval

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

By order of the Board



Neil McMyn
Director

20 September 2016

Ultimate Invoice Finance Limited

Report of the independent auditor for the period ended 31 December 2015

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

We have audited the financial statements of Ultimate Invoice Finance Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Ultimate Invoice Finance Limited

Report of the independent auditor (continued) for the year ended 31 December 2015

Matters on which we are required to report by exception

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

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



Peter Birch (senior statutory auditor)

For and on behalf of Deloitte LLP, statutory auditor

Manchester, UK

30 September 2016

Ultimate Invoice Finance Limited

Statement of comprehensive income for the period ended 31 December 2015

	Note	2015 £'000	2014 £'000
Revenue	3	10,614	6,494
Cost of sales	4	<u>(4,653)</u>	<u>(2,237)</u>
Gross profit		5,961	4,257
Administrative expenses		(8,942)	(5,598)
Operating loss before exceptional items		<u>(2,981)</u>	<u>(1,341)</u>
Exceptional items	23	<u>(390)</u>	<u>-</u>
Operating loss after exceptional items	5	(3,371)	(1,341)
Finance expense	7	(251)	(288)
Finance income	7	<u>-</u>	<u>242</u>
Loss before tax		(3,622)	(1,387)
Taxation	8	<u>110</u>	<u>256</u>
Loss for the year and Total Comprehensive Income		<u>(3,512)</u>	<u>(1,131)</u>

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

All results are derived from continuing operations. The accompanying notes on page 14 to 28 form an integral part of the financial statements.

Ultimate Invoice Finance Limited

Statement of financial position for the period ended 31 December 2015

Company number 04325262

	Note	2015		2014
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	9		892	770
Intangible assets	10		22	25
Deferred tax asset	18		330	220
Total non-current assets			1,244	795
Current assets				
Loans and other receivables	11	78,128		54,889
Cash and cash equivalents	14	2,860		1,916
Total current assets			80,988	56,805
Total assets			82,232	57,600
Current liabilities				
Bank borrowings and overdrafts	15	(47,373)		(37,406)
Trade and other payables	16	(39,074)		(21,117)
Total current liabilities			(86,447)	(58,523)
Total liabilities			(86,447)	(58,303)
Net liabilities			(4,215)	(703)
Equity attributable to owners of the company				
Share capital	19		—	—
Retained earnings			(4,215)	(703)
Equity shareholder's deficit			(4,215)	(703)

The accompanying notes on page 14 to 28 form an integral part of the financial statements. The financial statements were approved and authorised for issue by the Board of Directors on ~~30~~ September, 2016 and were signed on its behalf by:



Neil McMyn
Director

Ultimate Invoice Finance Limited

Statement of cash flows for the year ended 31 December 2015

		2015		2014
	Note	£'000	£'000	£'000
Cash flows from operating activities				
Loss before tax for the year			(3,622)	(1,387)
Adjustments for:				
Depreciation of property, plant and equipment	9	411		283
Amortisation of intangible assets	10	58		11
Financial income	7	-		(242)
Finance expense in Cost of Sales	4	1,170		109
Financial expense	7	251		288
			1,890	449
			(1,732)	(938)
Increase in loans and other receivables		(23,239)		(22,192)
Increase in trade and other payables		17,957		12,445
			(5,282)	(9,747)
Net cash flows from operating activities			(7,014)	(10,685)
Cash flows from investing activities				
Acquisition of property, plant and equipment	9	(533)		(517)
Acquisition of intangible assets	10	(55)		-
Net cash used in investing activities			(588)	(517)
Cash flows from financing activities				
Financial income	7	-		242
Financial expense	7	(251)		(288)
Increase in back to back funding		9,967		12,973
Finance expense on back to back funding		(1,170)		(109)
Net cash generated in financing activities			8,546	12,818
Net increase/(decrease) in cash and cash equivalents			944	1,616
Cash and cash equivalents at 1 January			1,916	300
Cash and cash equivalents at 31 December	14		2,860	1,916

Ultimate Invoice Finance Limited

Statement of changes in equity for the period ended 31 December 2015

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 31 December 2013		—	428	428
Total comprehensive income for the period		—	(187)	(187)
		<hr/>	<hr/>	<hr/>
At 31 December 2014		—	(703)	(703)
Total comprehensive income for the year		—	(3,512)	(3,207)
		<hr/>	<hr/>	<hr/>
At 31 December 2015		—	(4,215)	(3,910)
		<hr/>	<hr/>	<hr/>

Ultimate Invoice Finance Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

Basis of preparation and statement of compliance

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

The company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("adopted IFRSs"), and its interpretations adopted by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") of their predecessors, which had been approved by the European Commission at 31 December 2015.

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

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

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

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

Adoption of new and revised reporting standards

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

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

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

1 Accounting policies (continued)

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

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

Revenue

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

Interest income

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

Service fee income

The company charges its clients a factoring fee for managing their sales ledgers which is based on the value of invoices assigned. The variable fee for each particular assignment of invoices is then recognised as revenue at the point of time of invoice received and assigned to clients' sales ledger.

Other fee income

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

Expenses

Operating lease payments

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

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

1 Accounting policies (continued)

Borrowing costs

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

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

Taxation

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

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

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

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

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

Employee benefits

Defined contribution plans

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

Property, plant and equipment

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

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

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

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

1 Accounting policies (continued)

Intangible assets

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

Cash and cash equivalents

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

Financial assets

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

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

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

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

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

Impairment of loans and receivables

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

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

Financial liabilities

Trade and other payables

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

1 Accounting policies (continued)

Foreign currency

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

2 Key risks and sources of estimation uncertainty

Critical accounting estimates and judgements

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

The key accounting judgements are:

Item	Judgement
Revenue recognition	Determining the period over which to spread revenue and associated costs.
Provisioning against receivables	Determining the appropriate level of provision required

3 Revenue

	2015 £'000	2014 £'000
Revenue arises from:		
Service fee income	5,302	3,155
Interest income	2,374	1,328
Other fee income	2,938	2,011
	<u>10,614</u>	<u>6,494</u>

4 Cost of sales

	2015 £'000	2014 £'000
Cost of sales - finance costs	1,170	109
Cost of sales - other	3,483	2,128
	<u>4,653</u>	<u>2,237</u>

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

5 Operating loss

	2015 £'000	2014 £'000
This has been arrived at after charging:		
Staff costs (Note 6)	5,867	3,183
Deprecation of property, plant and equipment	411	283
Amortisation	58	11
Operating lease expense:		
- Vehicles	95	72

The audit fee of £15k was born by the fellow company in group, Ultimate Finance Holdings Ltd Company.

6 Staff costs

	2015 £'000	2014 £'000
Staff costs (including directors) comprise:		
Wages and salaries	4,939	2,624
Social security costs	596	338
Other pension costs	332	221
	<u>5,867</u>	<u>3,183</u>

The average number of persons employed by the company (including directors) during the period was 91 (2014: 66)

Directors' remuneration

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

	2015 £'000	2014 £'000
Directors' emoluments	600	273
Company contributions to money purchase pension plans	10	15
	<u>610</u>	<u>288</u>

The aggregate of emoluments of the highest paid director was £437,542 including £206,000 of termination payments (2014: £136,399), and company pension contributions of £1,425 (2014: £7,305) were made to a money purchase pension scheme on their behalf. Remuneration of directors who are also directors of the holding company, Ultimate Finance Group plc, is reported in the financial statements of that company.

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

7 Finance income and expense

	2015 £'000	2014 £'000
<i>Finance income</i>		
Bank interest income	-	242
<i>Finance expense⁽¹⁾</i>		
Bank interest expense	(251)	(288)

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

8 Tax expense

	2014 £'000	2014 £'000
<i>Current tax credit</i>		
UK corporation tax and income tax of overseas operations on loss for the period	-	-
Adjustment for overprovision in prior periods	-	(6)
	-	(6)
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences (Note 18)	(110)	(128)
Adjustment in respect of the previous year	-	(122)
	(110)	(250)
Total tax (income) / expense	(110)	(256)

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

	2014 £'000	2014 £'000
Loss before tax	(3,622)	(1,387)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%)	(733)	(298)
Expenses not deductible for tax purposes	74	77
Accelerated Capital Allowances	(3)	(5)
Adjustment in respect of the previous year	256	(128)
Losses forward	(26)	(56)
Group relief claimed without payment	326	188
Other short term differences	(4)	(34)
Total tax (income) / expense	(110)	(256)

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued)
for the year ended 31 December 2015

9 Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 January 2014	345	484	186	1,015
Additions	121	49	347	517
Balance at 31 December 2014	466	533	533	1,532
Balance at 1 January 2015	466	533	533	1,532
Additions	130	311	92	533
Balance at 31 December 2015	596	844	625	2,065
Accumulated depreciation				
Balance at 1 January 2014	208	220	51	479
Depreciation charge for the year	106	92	85	283
Balance at 31 December 2014	314	309	139	762
Balance at 1 January 2015	314	312	139	762
Depreciation charge for the year	111	138	162	411
Balance at 31 December 2015	425	450	301	1,173
Net book value				
At 1 January 2014	137	264	135	536
At 31 December 2014	152	217	401	770
At 31 December 2015	171	394	327	892

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued)
for the year ended 31 December 2015

10 Intangible assets

	Capitalised Development costs £'000	Total £'000
Cost		
Balance at 1 January 2014	36	36
Balance at 31 December 2014	36	36
Balance at 1 January 2015	36	36
Intergroup transfer addition	121	121
Balance at 31 December 2015	157	157
Accumulated amortisation		
Balance at 1 January 2014	-	-
Amortisation charge for the year	(11)	(11)
Balance at 31 December 2014	(11)	(11)
Balance at 1 January 2015	(11)	(11)
Intergroup transfer – accumulated amortisation	(66)	(66)
Amortisation charge for the year	(58)	(58)
Balance at 31 December 2015	(135)	(135)
Net book value		
Balance at 1 January 2014	36	36
Balance at 31 December 2014	25	25
Balance at 1 January 2015	25	25
Balance at 31 December 2015	22	22

11 Loans and other receivables

	2015 £'000	2014 £'000
Loans and receivables	57,406	38,263
Prepayments	585	168
Amounts owed by group undertakings	20,137	16,458
	78,128	54,889

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

11 Loans and other receivables (continued)

Foreign currency risk

The company's principal foreign currency exposures are to Euro, US dollar and AU dollar. Loans and other receivables denominated in currencies other than sterling comprise £369k (2014: £191k) denominated in Euros, £861k denominated in US dollars (2014: £346k), £25k denominated in AU dollars (2014: £nil) and a further £nil (2014: £12k) denominated in Swedish Krona. Company currently have no significant exposure to currency risk, as loans and other receivables denominated in currency other than sterling are match funding by Lloyds back-to-back facility.

Credit risk

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

Under the company's recourse agreement with its clients, debtors assigned to the group that remain unpaid after average days sales outstanding ('DSO') of 60 days are re-factored to the clients. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients.

A summary of the customer loans and receivables is shown below; the maximum exposure to credit risk at the period end is £58,655k (2014: £38,770k).

	2015 £'000	2014 £'000
Outstanding client balances	58,655	38,770
Provision for impairment	(1,249)	(507)
	<u>57,406</u>	<u>38,263</u>

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

Provision for impairment

	2015 £'000	2014 £'000
Balance brought forward	507	722
Utilised in the period	(219)	(556)
Provided in the period	961	341
Balance carried forward	<u>1,249</u>	<u>507</u>

Collateral

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

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

11 Loans and other receivables (continued)

Ageing of loans and receivables

	2015			2014		
	Total £'000	Impairment £'000	Net £'000	Total £'000	Impairment £'000	Net £'000
Less than 90 days	56,826	(126)	56,700	36,406	(81)	36,325
Over 90 days – no impairment	253	-	253	1,817	-	1,817
Over 90 days – net of impairment	1,576	(1,123)	453	547	(426)	121
	58,655	(1,249)	57,406	38,770	(507)	38,263

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

12 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash and cash equivalents	2,860	1,916

Cash denominated in currencies other than sterling comprise:

	2015 £'000	2014 £'000
EUR	568	424
USD	1,702	1,356
AUD	15	-
	2,285	1,780

13 Bank Borrowings and overdrafts

	2015 £'000	2014 £'000
Bank borrowings and overdrafts	47,373	37,406
	47,373	37,406

As stated in Note 1, the Company has back-to-back financing facility with Lloyds TSB Commercial Finance. The facility, which is in place until March 2017, allows the Company 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 the above criterion is met. The bank borrowings of £47.4m relate to this facility, leaving headroom of £17.6m at 31 December 2015.

Interest rate sensitivity analyses

Company's interest rate risk relates to Libor element of Lloyds back-to-back facility. The company assume, in the case of change in Libor rate +/- 0.5% the increase / decrease in reported profit and closing equity by +/- £58k. The sensitivity rate of 0.5% represents the directors' assessment of a reasonably possible change, based on historic volatility.

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

14 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	5,918	804
Other payables and accrued expenses	2,376	3,263
Amounts owed to parent undertaking	30,780	17,050
	39,074	21,117

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 company's financial liabilities is shown below:

	Within one month £'000	Less than a year £'000
2015		
Trade payables	502	5,416
Other payables and accrued expenses	2,375	-
Amounts owed to parent undertaking	-	30,780
Bank borrowings	-	47,373
	2,877	83,569
2014		
Trade payables	804	-
Other payables and accrued expenses	3,263	-
Amounts owed to parent undertaking	-	17,050
Bank borrowings	-	37,406
	3,755	54,456

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

17 Employee benefits

Pension

The Company operates a defined contribution pension scheme. The pension cost charge for the period includes contributions payable by the company to the scheme and amounted to £331,000 (2014: £221,000).

Contributions amounting to £78,000 were unpaid at the year end and are included in trade and other payables (2014: £34,000).

The company also paid into schemes outside of the company's defined contribution scheme for two directors (2014: two) during the year.

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

18 Deferred tax

Recognised deferred tax asset

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

Charge in respect of deferred tax during period

	2015 £'000	2014 £'000
Other timing differences	110	127
Adjustment in respect of the previous year	-	128
	110	256

Movement on the deferred tax asset during the year

	2015 £'000	2014 £'000
At the beginning of the period	220	(36)
Increase in deferred tax asset	110	256
At the end of the period	330	220

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

19 Share capital

	2015 Number	Issued and fully paid		2014
		2015 £	2014 Number	2014 £
Ordinary shares of £1 each	2	2	2	2

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

20 Leases

Operating leases

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

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued) for the year ended 31 December 2015

20 Leases (continued)

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

	Land & buildings 2015 £'000	Other 2015 £'000	Land & buildings 2014 £'000	Other 2014 £'000
Not later than one year	226	236	90	4
Later than one year and not later than 5 years	757	287	270	431
More than five years	350	-	-	-
	1333	523	360	435

21 Related party transactions

The company entered into related party transactions as described below.

Trading transactions

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

	Management charges receivable / (payable)		Balances outstanding	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<i>The parent</i>				
Ultimate Finance Group Ltd	(324)	(324)	(30,525)	(17,050)
<i>Fellow Companies within Group</i>				
Ashley Commercial Finance Limited	-	51	3,129	2,591
Ashley Business Cash Limited	-	48	2,295	1,795
Ultimate Asset Finance Limited	-	48	7,182	2,273
Ultimate Trade Finance Limited	-	36	6,471	4,788
Ultimate Construction Finance Limited	6	36	(255)	3,821
Ultimate Business Cash Limited	-	-	1,059	1,189

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

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

22 Capital commitments

There were no capital commitments at the end of the financial period (2014: £Nil)

Ultimate Invoice Finance Limited

Notes forming part of the financial statements (continued)
for the year ended 31 December 2015

23 Exceptional Items

During the period, the parent company was acquired by Bentley Park (UK) Ltd. The company incurred the following exceptional costs as a result of that acquisition:

	2015	2014
	£'000	£'000
Director termination	292	-
Loan facility early termination	98	-
	<hr/>	<hr/>
	390	-
	<hr/>	<hr/>

24 Ultimate parent company

On 28 July, 2015 Bentley Park (UK) Limited ('Bentley') acquired Inspired Capital plc, the ultimate parent of the company. Inspired Capital plc re-register as a private limited company and renamed to Ultimate Finance Holdings Ltd.

Following an acquisition on 28th July, 2015, the directors consider the family interest of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Bentley Park (UK) Ltd, registered in England and Wales.

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

The smallest group in which the results of the parent and subsidiary company are consolidated is that headed by Ultimate Finance Group Ltd. The largest group in which the results of the parent and subsidiary company are consolidated is that headed by the company's ultimate parent undertaking, Bentley Park (UK) Limited, a company incorporate in England and Wales. The consolidated financial statements of these companies are available to the public and may be obtained from the company's office, 1 WestPoint Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PY. Park Road, Bradley Stoke, Bristol, BS32 4PY.

25 Post balance sheet event

There are no post balance sheet events.