

ULTIMATE FINANCE GROUP LIMITED

Report and Consolidated Financial Statements

for year ended

31 December 2015

Company Number: 04350565

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Ultimate Finance Group Limited

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Ultimate Finance Group Limited

CORPORATE INFORMATION

Country of incorporation of company

United Kingdom

Legal form

Private limited company from 27 January 2015

Public limited company until 27 January 2015

Directors at the date of this report

R Robson

N McMyn

Secretary and registered office

N McMyn, 1 Westpoint Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PS

Company number

04350565

Auditors

Deloitte LLP, 2 Hardman Street, Manchester M3 3HF

Principal Bankers

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

Website

www.ultimatefinance.co.uk

Email address

info@ultimatefinance.co.uk

Ultimate Finance Group Limited

Strategic report

For the year ended 31 December 2015

Nature of business and review of performance

Ultimate Finance Group Limited (the "company" and together with its subsidiaries, the "Group") has six trading subsidiaries

The Company changed its status from a public limited company to a private limited company on 27 January 2015.

The Group loan book is made up of the following products, which include the core invoice finance products complemented by newer products launched more recently:

Invoice Discounting

Offers immediate cash advances of up to 80% on approved unpaid invoices. This product is suitable for businesses that want to continue managing their credit control and sales ledger. Both "confidential" and "disclosed" methods are offered by the Group.

Factoring

Offers immediate cash advances of up to 85% of approved unpaid invoices and where the lender manages responsibility for business credit control and collection.

Construction Finance

An adaptation of invoice discounting/factoring specifically tailored to the needs of the construction industry. Advances are generally 50% of unpaid invoices and provide a valuable funding facility for SMEs in the construction industry.

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

Helps SMEs spread the cost of buying assets through hire purchase or finance lease, typically over two to five-year period.

Trade Finance

This is a funding solution to bridge the gap in payment for the import and export of goods. Customers typically trade in toys, clothing, gifts, accessories, sporting goods, Jewellery and other non-perishable goods.

Business Cash

Business Cash is a funding solution for retailers and other businesses whereby cash is advanced against future sales, which is repaid through regular payments over a fixed period of time, typically six to twelve months. The advance is linked to monthly sales and can help manage cash flow and deal with any fluctuations in business.

This reports covers a period for the company since incorporation on 28 March 2015 to 31 December 2015, but only includes the results of Ultimate Finance Holdings Limited from the date of acquisition, 28 July 2015.

KPIs:

The Board regularly reviews the following KPIs:

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

Ultimate Finance Group Limited

Strategic report (continued)

For the year ended 31 December 2015

Revenue for the year to 31 December 2015 was £19,921,000 (2014: £16,182,000) and the company made a loss before tax £1,465,000 for the current period (2014: profit of £1,140,000). Loans and receivables to customers also increased to £93,350,000 (2014: £69,332,000) as a result of increased trading by the Group and an associated provision of £3,856,000 (2014: 1,710,000).

The increase in both Loans and other receivables and Trade and other payables is entirely due to increased funding arrangement with Lloyds TSB Commercial Finance and British Business Bank, as well as by cash injection received during the year from parent company Bentley Park (UK) Ltd and subsequently passed on to the Company's 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 improved its underwriting processes and constantly monitors its client's credit situation including review of debtor concentration and validation checks on significant exposures. The Group refined its policy for credit losses and an allowances for impairment based on which credit losses represent an 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 ultimate 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, interest rates and equity prices, 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. |
| 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 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 Group plans to improve control process by enhancements to operational system. The control environment that manages risk will be strengthened by IT governance implementation. |

Ultimate Finance Group Limited

Strategic report (continued)

For the year ended 31 December 2015

| | Business Risk | Mitigating management actions |
|-----------------|---|---|
| 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, marketing and management, in order to achieve significant future growth.

Going concern

The principal risks and uncertainties affecting the Group and the steps taken to mitigate these risks are described above. Critical accounting assumptions and key sources of estimation and uncertainty affecting the results and financial position are discussed in note 2. The Group is reliant on the support of its parent Bentley Park (UK) 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.

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

30th November 2016

Ultimate Finance Group Limited

Directors' report

For the year ended 31 December 2015

The directors present their Group consolidated audited financial statements for the year ended 31 December 2015.

Results and Dividend

The income statement is set out on page 11 and shows the loss for the period. No dividend is proposed (2014: £nil).

Directors and directors' interests

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

| | |
|------------|-------------------------------|
| R Robson | {appointed 28 July 2015} |
| N McMyn | {appointed 18 September 2015} |
| D Blain | {resigned 28 July 2015} |
| J Brooke | {resigned 28 July 2015} |
| J Coombes | {resigned 18 September 2015} |
| M Cooper | {resigned 18 May 2015} |
| J Cranston | {resigned 31 August 2015} |
| R McDowell | {resigned 28 July 2015} |

Directors' indemnity

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

Disclosure of information to auditors

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

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

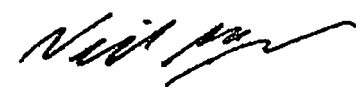
Auditors

Under section 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.

Information presented in other sections

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

By order of the Board



Neil McMyn
Director

30th November 2016

Ultimate Finance Group Limited

Statement of Directors' responsibilities in relation to the financial statements

For the year ended 31 December 2015

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the 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.

Ultimate Finance Group Limited
Independent auditor's report
For the year ended 31 December 2015

We have audited the financial statements of Ultimate Finance Group Limited for the year ended 31 December 2015 which comprise the Group Income Statement, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 26. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Scope of the audit of the financial statements

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 group's and the parent 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 group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Ultimate Finance Group Limited

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 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.



Peter Birch, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
30 November 2016

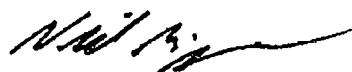
Ultimate Finance Group Limited

Consolidated and company statement of financial position As at 31 December 2015

| | Note | Group 2015 £000 | Group 2014 Restated £000 | Company 2015 £000 | Company 2014 £000 |
|--|------|-----------------------|-----------------------------------|-------------------------|-------------------------|
| Non-current assets | | | | | |
| Investment in subsidiaries | 9 | - | - | 7,070 | 7,070 |
| Intangible assets | 10 | 5,863 | 5,853 | - | - |
| Property, plant and equipment | 11 | 1,109 | 790 | - | - |
| Loans and other receivables | 12 | 6,016 | 3,684 | - | - |
| | | <u>12,988</u> | <u>10,327</u> | <u>7,070</u> | <u>7,070</u> |
| Current assets | | | | | |
| Loans and other receivables | 12 | 83,656 | 64,642 | 33,668 | 19,610 |
| Cash and cash equivalents | 14 | 11,366 | 9,551 | 4,813 | 5,504 |
| | | <u>95,022</u> | <u>74,193</u> | <u>38,481</u> | <u>25,114</u> |
| Total assets | | <u>108,010</u> | <u>84,520</u> | <u>45,551</u> | <u>32,184</u> |
| Current liabilities | | | | | |
| Bank borrowings and overdrafts | 15 | 49,742 | 40,577 | - | - |
| Trade and other payables | 16 | 48,935 | 31,480 | 36,427 | 22,528 |
| Bank loans | 17 | - | 423 | - | 423 |
| | | <u>98,678</u> | <u>72,480</u> | <u>36,427</u> | <u>22,951</u> |
| Non-current liabilities | | | | | |
| Trade and other payables | 16 | 980 | 1,331 | - | - |
| Deferred tax liability | 19 | (418) | (305) | - | - |
| | | <u>99,239</u> | <u>73,507</u> | <u>36,427</u> | <u>22,951</u> |
| Total liabilities | | <u>99,239</u> | <u>73,507</u> | <u>36,427</u> | <u>22,951</u> |
| Net assets | | <u>8,771</u> | <u>11,013</u> | <u>9,124</u> | <u>9,233</u> |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 20 | 3,766 | 3,766 | 3,766 | 3,766 |
| Share premium | | 6,450 | 6,450 | 6,450 | 6,450 |
| Retained earnings/(losses) | | (1,446) | 797 | (1,092) | (983) |
| Total equity | | <u>8,771</u> | <u>11,013</u> | <u>9,124</u> | <u>9,233</u> |

The accompanying notes on pages 15 to 34 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 30th November 2016 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 2015

| | | Group | | Company | |
|---|------|----------|----------|--------------|--------------|
| | Note | 2015 | 2014 | 2015 £000 | 2014 £000 |
| Cash flows from operating activities | | | | | |
| Operating loss for the period | | (2,023) | 1,498 | (25) | (331) |
| Adjustments for: | | | | | |
| Depreciation and amortization | 11 | 510 | 352 | - | - |
| Deferred tax | | (114) | 440 | - | - |
| | | (1,627) | 2,290 | (25) | (331) |
| Increase in loans and other receivables | | (21,346) | (37,784) | (14,058) | (13,304) |
| Increase in trade and other payables | | 17,104 | 40,266 | 13,899 | 17,508 |
| Net cash from operating activities | | (5,932) | (4,772) | (184) | 3,873 |
| Cash flows from investing activities | | | | | |
| Acquisition of intangible assets | 10 | (66) | (232) | - | - |
| Acquisition of property, plant & equipment | 11 | (772) | (518) | - | - |
| Deferred tax charges | 19 | 114 | 256 | - | - |
| Net cash outflow from investing activities | | (724) | (494) | - | - |
| Cash flows from financing activities | | | | | |
| Finance income | 7 | 40 | 2 | 40 | - |
| Finance expense | 7 | (375) | (360) | (124) | (83) |
| Repayment of long term borrowings | 17 | (423) | (300) | (423) | (300) |
| Increase in bank borrowings & overdrafts | 15 | 9,165 | 10,175 | - | - |
| Net cash from financing activities | | 8,407 | 9,517 | (507) | (383) |
| Net increase / (decrease) in cash and cash equivalents | | 1,815 | 4,251 | (691) | 3,490 |
| Cash and cash equivalents at the start of the period | | 9,551 | 5,300 | 5,504 | 2,014 |
| Cash and cash equivalents at the end of the period | 14 | 11,366 | 9,551 | 4,813 | 5,504 |

Ultimate Finance Group Limited
Consolidated and Company statement of changes in equity
For the year ended 31 December 2015

Group statement of changes in equity

| | Share Capital | Share premium | Retained earnings | Total |
|----------------------------|------------------|------------------|----------------------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| At 31 December 2013 | 3,766 | 6,450 | (783) | 9,433 |
| Total comprehensive income | — | — | 1,580 | 1,580 |
| At 31 December 2014 | 3,766 | 6,450 | 797 | 11,013 |
| Total comprehensive loss | — | — | (2,243) | (2,243) |
| At 31 December 2015 | 3,766 | 6,450 | (1,446) | 8,770 |

Company statement of changes in equity

| | Share Capital | Share premium | Retained earnings | Total |
|---|------------------|------------------|----------------------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| At 31 December 2013 | 3,766 | 6,450 | (569) | 9,647 |
| Total comprehensive income | — | — | (414) | (414) |
| At 31 December 2014 | 3,766 | 6,450 | (983) | 9,233 |
| Total comprehensive income for the year | — | — | (109) | (109) |
| At 31 December 2015 | 3,766 | 6,450 | (1,092) | 9,124 |

Ultimate Finance Group 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 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 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 Group 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 Group 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 Group's receivables, borrowings and liabilities. This Standard will come into force with effect from the Group'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 Group has begun to assess its potential impact, and will report further on this in future periods.

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

Ultimate Finance Group Limited

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

1 Accounting policies (continued)

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.

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

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 statement 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 power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated.

Consolidation of subsidiary begins 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 income statement 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. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interest issued, or cash compensation paid, by the Group in exchange for control of the acquire. Acquisition related costs are recognised in profit or loss as incurred. Goodwill represents the excess of the cost of the business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Going Concern

The Group 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 Group is able to support itself, and that repayment of balances due to group companies will only be required when funds are available

Revenue recognition

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

Ultimate Finance Group Limited

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

1 Accounting policies (*continued*)

Interest income

Interest income is 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. Foreign exchange gains for trade finance transactions are shown within other fee income.

Asset finance income

Asset finance income represents gross earnings net of capital repayment from finance leases and hire purchase agreements, excluding VAT. Asset finance income is allocated to account periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

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.

Borrowing costs

Borrowing costs in relation to the back to back financing facility with Lloyds TSB Commercial Finance and British Business Bank 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.

Ultimate Finance Group Limited

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

1 Accounting policies (continued)

Foreign currencies

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

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.

Investments

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

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Ultimate Finance Group Limited

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

1 Accounting policies (continued)

Intangible assets

Externally acquired intangible assets

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

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

Internally acquired intangible assets

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

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).

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.

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 Finance Group Limited

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

1 Accounting policies (continued)

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 and British Business Bank 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 asset's 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 Finance Group 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 Group 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 |
| Impairment of goodwill | Determining on annual basis future cash flow and required fair value |
| Fair value of customer relationship | Determining the fair value of customer relationship based on the expected life of the customer |

3 Revenue

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Revenue arises from: | | |
| Hire purchase | | |
| Hire purchase aggregated turnover | 4,720 | 3,522 |
| Hire purchase aggregated capital repayments | (3,256) | (2,567) |
| Hire purchase gross earnings | 1,464 | 955 |
| Finance lease | | |
| Finance lease turnover | 1,001 | - |
| Finance lease capital repayments | (960) | - |
| Finance lease gross earnings | 41 | - |
| Loans | | |
| Service fee income | 8,585 | 7,753 |
| Interest income | 4,457 | 2,944 |
| Other fee income | 4,973 | 4,530 |
| | 19,521 | 16,182 |

Ultimate Finance Group Limited

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

4 Cost of sales

| | 2015 | 2014 |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cost of sales - finance costs | 1,508 | 244 |
| Cost of sales - other | 7,469 | 4,393 |
| | <u>8,977</u> | <u>4,637</u> |

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

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

5 Operating loss

| | 2015 | 2014 |
|---|-------|-------|
| | £'000 | £'000 |
| This has been arrived at after charging: | | |
| Staff costs (Note 6) | 8,373 | 3,183 |
| Depreciation of property, plant and equipment | 453 | 297 |
| Amortisation | 58 | 55 |
| Operating lease expense: | | |
| - Vehicles | 127 | 82 |
| - Buildings | 245 | 45 |

Audit fees of £53,000 were borne by the parent company, Ultimate Finance Holdings Limited.

6 Staff costs

| | 2015 | 2014 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Staff costs (including directors) comprise: | | |
| Wages and salaries | 7,157 | 2,624 |
| Social security costs | 809 | 338 |
| Other pension costs | 407 | 221 |
| | <u>8,373</u> | <u>3,183</u> |

The average number of persons employed by the Group (including directors) during the period was 146 (2014: 118)

Directors' remuneration

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

| | 2015 | 2014 |
|---|------------|------------|
| | £'000 | £'000 |
| Directors' emoluments | 853 | 769 |
| Group contributions to money purchase pension plans | 56 | 3 |
| | <u>909</u> | <u>807</u> |

The aggregate of emoluments of the highest paid director was £438,000, including termination payments of £206,000 (2014: £338,000), and Group pension contributions of £1,400 (2014: £44,000) were made to a money purchase pension scheme on their behalf.

Ultimate Finance Group 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 | 40 | 2 |
| <i>Finance expense⁽¹⁾</i> | | |
| Bank interest expense | (374) | (360) |

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

8 Tax expense

| | 2015 £'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 | (-) | (-) |
| | (-) | (-) |
| <i>Deferred tax expense</i> | | |
| Origination and reversal of temporary differences | (114) | (136) |
| Adjustment in respect of the previous year | - | (304) |
| | (114) | (440) |
| Total tax (income) | (114) | (440) |

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:

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Loss before tax | (1,465) | 1,140 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%) | (297) | 245 |
| Expenses not deductible for tax purposes | 69 | 104 |
| Accelerated Capital Allowances | (5) | (7) |
| Adjustment in respect of the previous year | - | (304) |
| Losses forward | (187) | (58) |
| Group relief claimed without payment | 309 | (306) |
| Other short term differences | (3) | (114) |
| Effect of restatement | - | - |
| Total tax (income) / expense | (114) | (440) |

Ultimate Finance Group Limited

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

9 Investments - Company

| | £'000 |
|---|-------|
| Cost at 1 January 2014 | 7,070 |
| Cost at 31 December 2014 and 31 December 2015 | 7,070 |

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

| Name of company | Principal activity | Class of shares held | Proportion held |
|---------------------------------------|---|-----------------------------------|-----------------|
| Ultimate Invoice Finance Limited | Invoice discounting and debt factoring services | 2 ordinary shares of £1 each | 100% |
| Ultimate Construction Finance Limited | Invoice discounting | 2 ordinary shares of £1 each | 100% |
| Ultimate Trade Finance Limited | Trade Finance | 2 ordinary shares of £1 each | 100% |
| Ultimate Asset Finance Limited | Asset Finance | 2 ordinary shares of £1 each | 100% |
| Ultimate Business Cash Limited | In development | 2 ordinary shares of £1 each | 100% |
| Ultimate Factors Limited | Dormant | 2 ordinary shares of £1 each | 100% |
| Ultimate Accelerated Payments Limited | Dormant | 2 ordinary shares of £1 each | 100% |
| BizHelp24 Limited | Dormant | 100 ordinary shares of £1 each | 100% |
| Ashley Commercial Finance Limited | Debt Factoring services | 105000 ordinary shares £0.01 each | 100% |
| Ashley Business Cash Limited | Business cash funding | 100 ordinary shares of £1 each | 100% |

10 Intangible assets

| | Goodwill | Customer relationship | Capitalised Development costs | Total |
|------------------------|----------|-----------------------|-------------------------------|-------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| Balance at 1 Jan 2014 | 5,339 | 682 | 338 | 6,359 |
| Additions | - | - | 232 | 232 |
| Balance at 31 Dec 2014 | 5,339 | 682 | 570 | 6,591 |
| Balance at 1 Jan 2015 | 5,339 | 682 | 570 | 6,591 |
| Additions | - | - | 66 | 66 |
| Balance at 31 Dec 2015 | 5,339 | 682 | 636 | 6,657 |

Ultimate Finance Group Limited

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

10 Intangible assets (continued)

Accumulated amortisation

| | | | | |
|----------------------------------|---|-------|-------|-------|
| Balance at 1 Jan 2014 | - | (682) | - | (682) |
| Amortisation charge for the year | - | | (55) | (55) |
| Balance at 31 Dec 2014 | - | (682) | (55) | (737) |
| Balance at 1 Jan 2015 | - | (682) | (55) | (737) |
| Amortisation charge for the year | - | | (57) | (57) |
| Balance at 31 Dec 2015 | - | (682) | (112) | (794) |

Net book value

| | | | | |
|------------------------|-------|---|-----|-------|
| Balance at 1 Jan 2014 | 5,339 | - | 324 | 5,663 |
| Balance at 31 Dec 2014 | 5,339 | - | 514 | 5,853 |
| Balance at 1 Jan 2015 | 5,339 | - | 514 | 5,853 |
| Balance at 31 Dec 2015 | 5,339 | - | 524 | 5,863 |

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 | Three years |

The Goodwill recorded all relates to the acquisition of Ashley Commercial 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 projection over 5 years from formally approved budget covering the period to June 20120 and assessed against the value of Goodwill to assess for impairment.

The major assumption used are as follows:

Discount rate 20%

Growth rate 3.65%*

*The growth rate for cash flows from operating activities applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year 3-5. Growth rates beyond the first five years are based on the long term UK growth rate 2%.

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 £3.2 million. Were the discount rate increase to 51.8% then this would result in the carrying value and recoverable amount being approximately equal.

Ultimate Finance Group Limited

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

11 Property, plant and equipment - Group

| | Plant and machinery £'000 | Fixtures and fittings £'000 | Motor Vehicles £'000 | Total £'000 |
|----------------------------------|---------------------------------|-----------------------------------|----------------------------|----------------|
| <i>Cost</i> | | | | |
| Balance at 1 January 2014 | 511 | 499 | 195 | 1,205 |
| Additions | 113 | 58 | 347 | 518 |
| Balance at 31 December 2014 | 624 | 557 | 542 | 1,723 |
| Balance at 1 January 2015 | 624 | 557 | 542 | 1,723 |
| Additions | 137 | 417 | 218 | 772 |
| Balance at 31 December 2015 | 761 | 974 | 760 | 2,495 |
| <i>Accumulated depreciation</i> | | | | |
| Balance at 1 January 2014 | 344 | 237 | 51 | 632 |
| Depreciation charge for the year | 118 | 93 | 86 | 297 |
| Balance at 31 December 2014 | 462 | 331 | 140 | 933 |
| Balance at 1 January 2015 | 462 | 331 | 140 | 933 |
| Depreciation charge for the year | 121 | 145 | 187 | 453 |
| Balance at 31 December 2015 | 583 | 476 | 327 | 1,386 |
| <i>Net book value</i> | | | | |
| At 1 January 2014 | 107 | 262 | 144 | 573 |
| At 31 December 2014 | 162 | 226 | 402 | 790 |
| At 31 December 2015 | 178 | 498 | 433 | 1,109 |

12 Loans and other receivables

| | Group | | Company | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Loans and receivables | 88,599 | 67,622 | | |
| Prepayments | 1,072 | 704 | 7 | 122 |
| Amounts owed by group undertakings | - | | 33,661 | 19,487 |
| Other receivables | | | | 1 |
| | 89,672 | 68,326 | 33,668 | 19,610 |

Ultimate Finance Group Limited

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

12 Loans and other receivables (continued)

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Analysed as: | | |
| Non-current loans and other receivables (recoverable after 12 months) | 6,016 | 3,684 |
| Current loans and other receivables (recoverable within 12 months) | 83,656 | 64,642 |
| | <u>89,672</u> | <u>68,326</u> |

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. The Group currently have no significant exposure to currency risk, as loans and other receivables denominated in currency other than sterling are match funded by Lloyds back-to-back facility on the same day.

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 or other agreement. The Group has strict policies and procedures in place to monitor this risk.

Under the Group'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 | 93,349 | 69,332 |
| Provision for impairment | (4,751) | (1,710) |
| | <u>88,598</u> | <u>67,622</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 | 1,710 | 1,500 |
| Utilised in the period | (1,152) | (1,495) |
| Provided in the period | 4,193 | 1,705 |
| Balance carried forward | <u>4,751</u> | <u>1,710</u> |

Ultimate Finance Group Limited

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

12 Loans and other receivables (continued)

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. 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.

No ability exists for the group to take possession of the collateral described above, other than in the event of default.

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

Ageing of loans and receivables

| | Total £'000 | 2015 Impairment £'000 | Net £'000 | Total £'000 | 2014 Impairment £'000 | Net £'000 |
|----------------------------------|----------------|-----------------------------|---------------|----------------|-----------------------------|---------------|
| Less than 90 days | 85,817 | (208) | 85,611 | 55,143 | (144) | 54,999 |
| Over 90 days – no impairment | 1,770 | - | 1,770 | 11,948 | - | 11,948 |
| Over 90 days – net of impairment | 5,760 | (4,543) | 1,217 | 2,241 | (1,566) | 675 |
| | 93,347 | (4,751) | 88,598 | 69,332 | (1,710) | 67,622 |

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.

13 Finance lease receivables

Ultimate Asset Finance ('Ultimate Asset') 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 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. This term is also provided to its customers.

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

| | Future minimum £'000 | Unearned finance income £'000 | Present value £'000 |
|---|-------------------------|--|------------------------|
| At 31 December 2015 | £'000 | £'000 | £'000 |
| Not later than one year | 6,356 | (1,247) | 5,109 |
| Later than one year and not later than five years | 7,566 | (1,550) | 6,016 |
| Later than five years | - | - | - |
| | 13,922 | (2,797) | 11,125 |

Ultimate Finance Group Limited

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

13 Finance lease receivables (continued)

| | Future minimum | Unearned finance income | Present value |
|---|----------------|-------------------------------|---------------|
| At 31 December 2014 | £'000 | £'000 | £'000 |
| Not later than one year | 3,415 | (935) | 2,480 |
| Later than one year and not later than five years | 4,451 | (767) | 3,684 |
| | <u>7,866</u> | <u>(1,702)</u> | <u>6,164</u> |

The unearned finance income at 31 December 2015 was £2,797k (2014: £1,702k). There was no unguaranteed residual value accruing at the period end (2014: £Nil).

14 Cash and cash equivalents

| | Group 2015 £'000 | 2014 £'000 | Company 2015 £'000 | 2014 £'000 |
|---------------------------|------------------------|---------------|--------------------------|---------------|
| Cash and cash equivalents | <u>11,366</u> | <u>9,551</u> | <u>4,813</u> | <u>5,504</u> |

Cash denominated in currencies other than sterling comprise:

| | 2015 £'000 | 2014 £'000 |
|-----|---------------|---------------|
| EUR | 586 | 489 |
| USD | 1,719 | 1,373 |

15 Bank Borrowings and Overdrafts

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| Bank borrowings and overdrafts | <u>49,742</u> | <u>40,577</u> |

The Group has syndicated back to back financing facilities with Lloyds TSB Commercial Finance and British Business Bank. The facilities, with six months termination terms, allows the Group to draw down up to 75% of the notified value of approved invoices of its core invoice finance clients and 30% of its construction industry clients. Amounts can be drawn down, repaid and redrawn throughout the life of the facility on the condition that the above criterion is met. The bank borrowings of £49.7m relate to this facility, leaving headroom of £25.3m at 31 December 2015.

Interest rate sensitivity analyses

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

Ultimate Finance Group Limited

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

16 Trade and other payables

| | Group | 2014 | Company | 2014 |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 6,028 | 1,806 | - | - |
| Other payables and accrued expenses | 7,661 | 8,431 | - | 1 |
| Amounts owed to parent undertaking | 36,228 | 22,528 | 36,427 | 22,528 |
| | 49,916 | 32,765 | 36,427 | 22,529 |

Analysed as:

| | 2015 | 2014 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Current trade and other payables (settlement within 12 months) | 48,936 | 31,480 |
| Non-current trade and other payables (settlement after 12 months) | 980 | 1,331 |
| | 49,916 | 32,811 |

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:

| | Group | Less than a | Company | Less than a |
|-------------------------------------|--------------|---------------|------------|---------------|
| | Within one | year | Within one | year |
| | month | year | month | year |
| | £'000 | £'000 | £'000 | £'000 |
| 2015 | | | | |
| Trade payables | 6,028 | - | - | - |
| Other payables and accrued expenses | - | 7,661 | - | - |
| Amounts owed to parent undertaking | - | 36,228 | - | 36,427 |
| Bank borrowings | - | 49,742 | - | - |
| | 6,028 | 93,631 | - | 36,427 |
| 2014 | | | | |
| Trade payables | 1,806 | - | - | - |
| Other payables and accrued expenses | - | 8,431 | 1 | - |
| Amounts owed to parent undertaking | - | 22,528 | - | 22,528 |
| Bank borrowings | - | 40,577 | - | - |
| | 1,806 | 71,536 | 1 | 22,528 |

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.

Ultimate Finance Group Limited

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

17 Loans and borrowings

The book value and fair value of loans and borrowings (due within one year) are as follows

| | Book value 2015 £'000 | Fair value 2015 £'000 | Book value 2014 £'000 | Fair value 2014 £'000 |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Bank loans (secured) | - | - | 423 | 423 |

The loan originally for £2m was used to partially finance the acquisition of Ashley Commercial Finance Limited.

The loan was secured against all assets debenture given by Ultimate Invoice Finance Limited and a deed of guarantee and indemnity has been given by Ultimate Finance Group Limited

18 Employee benefits

Pension

The Group 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.

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2014 - 20%).

Recognised deferred tax liabilities

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

Charge in respect of deferred tax during period

| | 2014 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Other timing differences | 418 | 136 |
| Adjustment in respect of the previous year | - | 304 |
| | 418 | 440 |

Ultimate Finance Group Limited

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

19 Deferred tax (continued)

Movement on the deferred tax liability during the year

| | 2015 £'000 | 2014 £'000 |
|--------------------------------|---------------|---------------|
| At the beginning of the period | 305 | (135) |
| Charge | (418) | 440 |
| At the end of the period | <u>114</u> | <u>305</u> |

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

20 Share capital

| | 2015 Number | Issued and fully paid 2015 £'000 | 2014 Number | 2014 £'000 |
|-------------------------------|----------------|--|----------------|---------------|
| Ordinary shares of £0.05 each | 75,324,700 | 3,766 | 75,324,700 | 3,766 |

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

21 Leases

Operating leases

The group leases all of its properties. The terms vary between properties, although each have periodic rent reviews and have break clauses. Other operating leases relate to leased cars as well as leasing payments in relation to software systems. The current commitments will expire in 2025 at the latest.

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

| | Land & buildings 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 | - | - | - |
| | <u>1,333</u> | <u>523</u> | <u>360</u> | <u>435</u> |

Ultimate Finance Group Limited

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

22 Related party transactions

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

Trading transactions

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

| | Amounts owed by related parties | |
|---------------------------------------|---------------------------------|---------------|
| | 2015 £'000 | 2014 £'000 |
| <i>The parent</i> | | |
| Ultimate Finance Holdings Ltd | (36,228) | (22,528) |
| <i>Company within Group</i> | | |
| Ultimate Invoice Finance Limited | - | - |
| Ashley Commercial Finance Limited | - | - |
| Ashley Business Cash Limited | - | - |
| Ultimate Asset Finance Limited | - | - |
| Ultimate Trade Finance Limited | - | - |
| Ultimate Construction Finance Limited | - | - |
| Ultimate Business Cash Limited | - | - |
| Ultimate Factors Limited | - | - |
| Ultimate Accelerated Payment Limited | - | - |

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.

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 £'000 | 2014 £'000 |
|---------------------------------|---------------|---------------|
| Director termination | 692 | - |
| Advisory fees | 456 | - |
| Stock exchange deregistration | 81 | - |
| Loan facility early termination | 322 | - |
| | <u>1,552</u> | <u>-</u> |

24 Capital commitments

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

Ultimate Finance Group Limited

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

25 Guarantee and Indemnity

The group has syndicated facilities with Lloyds TSB Commercial Finance and British Business Bank for £75 million back to back facility. 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 Invoice Finance Limited and Ashley Commercial Finance limited and a deed of guarantee and indemnity has been given by group parent, Ultimate Finance Holdings Limited.

26 Ultimate parent company

On 28 July, 2015 Bentley Park (UK) Limited acquired Inspired Capital plc, the immediate parent of the company. Inspired Capital plc re-registered as a private limited company and was renamed Ultimate Finance Holdings Ltd on 15 October 2015.

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 Holdings Limited, 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 ultimate parent undertaking, Bentley Park (UK) Limited, a company incorporated in England and Wales. The consolidated financial statements of these companies are available to the public and may be obtained from the company's office, 1 WestPoint Court, Great Park Road, Bradley Stoke, Bristol, BS32 4PY.

27 Post balance sheet event

There have been no post balance sheet events.