

**ULTIMATE FINANCE GROUP LIMITED**

**Report and Consolidated Financial Statements**

**for the year ended**

**31 December 2020**

**Company Number: 04350565**



# **Ultimate Finance Group Limited**

## **Report and financial statements for the year ended 31 December 2020**

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# **Ultimate Finance Group Limited**

## **Corporate information**

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### **Country of incorporation**

United Kingdom

### **Legal form**

Private limited company

### **Directors at the date of this report**

J Levy  
N McMyn

### **Secretary and registered office**

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

### **Company number**

04350565

### **Auditor**

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

### **Principal banking group**

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

### **Website**

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

### **Email address**

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

# Ultimate Finance Group Limited

## Strategic report

For the year ended 31 December 2020

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### Nature of business and review of performance

Ultimate Finance Group Limited ("Ultimate Finance" or the "Company") and together with its subsidiaries, the ("Group") is a specialist asset-based lender, providing a wide range of flexible solutions to support the ambitions of UK businesses. Backed by Tavistock, an international private investment organisation, the Group's vision is to be the funding partner of choice.

Established in 2001 and with a long-standing track record of delivery and growth, the Group combines the strengths of major banks (solution breadth and depth, expertise, track record, funding firepower) with the strengths of specialist, independent lenders (flexible, nimble, tech enabled, clear market proposition).

Ultimate Finance has a national coverage with a regional footprint through our strategically placed offices, allowing the Group to support introducers, partners and clients on a local basis with local sales, underwriting and relationship teams.

Funding is tailored to best suit the clients' needs, with the focus on finding the right solution rather than leading with product. Ultimate Finance has an enviable portfolio of solutions and services that enable creativity in solving the funding requirements of all types of businesses, and in many different stages of their business' evolution from one or a combination of the following core products:

#### Invoice Finance

Invoice Finance offers immediate cash advances against approved unpaid invoices. This product is suitable for businesses that have money tied up in unpaid invoices. Ultimate Finance offers invoice discounting where the client continues to manage its credit control and sales ledger and factoring, where Ultimate Finance takes responsibility for the client's credit control and collection. The Group also has variants of Invoice Financing tailored specifically for the Construction and Recruitment industries, as well as a Trade Finance offering linked to Invoice Finance.

#### Asset Finance

Asset Finance helps businesses spread the cost of buying assets such as equipment, machinery, or vehicles, through hire purchase or finance leases, typically over a two to five-year period. With an Asset Finance facility, clients can borrow the funds needed for capital investments and spread the cost over monthly repayments rather than having to part with much needed working capital from the outset.

#### Bridging Finance

Bridging Finance is a funding solution whereby funds advanced to property developers or investors are secured against residential or commercial property with repayment through either the sale of the property or exit to another form of funding, typically a longer-term mortgage or development finance. Terms range from 6 months to 18 months and interest can be either serviced or retained over the loan period.

#### KPIs:

The Board regularly reviews the following KPIs:

- Revenue
- Profit before inter-group interest
- Loans and receivables

Group revenue for the year to 31 December 2020 was £31,414,000 (2019: £34,976,000) and the Group made a profit before inter-group interest of £4,228,000, up from £1,071,000 in the year to 31 December 2019. While revenue reduced slightly in the year, operating costs, interest costs and impairment charges fell, in part due to a significant bad debt charge in 2019, and as a result, the profitability improved significantly. Loans and receivables to clients was stable at £251,506,000 (2019: £253,580,000).

# Ultimate Finance Group Limited

Strategic report (continued)  
For the year ended 31 December 2020

## 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 client or counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from clients.	The Group has strong underwriting processes and constantly monitors its clients' credit situation including reviews of debtor concentration, arrears and repayment performance, asset values and validation checks on significant credit exposures. The Group has a clear policy for evaluating credit losses and carries an allowance for impairment that represents its estimate of incurred losses in respect of loans and other receivables.
Liquidity risk	The risk of insolvency arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. The Group funds its business through its debt funding with third parties and finance provided by its parent company.	The Group seeks to mitigate this risk through the use of multiple funding facilities across its product areas 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 has headroom in its debt facilities and also has access to funding from its parent company and related parties.
Market risk	The risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The Group operates a conservative risk appetite in relation to market risk and adherence to market risk appetite is monitored by the management team.
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 clients. 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 IT controls and strong cyber-security credentials to mitigate against the risk of hacking. The Group has a business continuity plan which is kept under regular review and is designed to ensure that any breakdown in systems would not cause significant disruption to the business. The Group's control and governance environment is continually being reviewed and improved.
Interest rate risk	The Group has debt facilities with various banks to help fund lending to clients. Increases in interest rates could impact the profitability of the Group.	Where rates charged to clients are variable any increases in interest rates charged to the Group are passed on to clients. Where client rates are fixed increases in rates are absorbed within the Group's margin.
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 clients, business introducers and other significant participants in the markets in which it is active. The Group has growing shares in its markets of operation and, in planning its future business, takes 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 and motivated workforce is and remains in place.  The Group has put in place a People Promise that details a series of commitments to employees around being a rewarding and progressive place to work.

# Ultimate Finance Group Limited

Strategic report (continued)  
For the year ended 31 December 2020

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## Transformation under Tavistock ownership

Tavistock purchased the Group in 2015 with a loan book worth £74m, and with investment in all areas of the business including technology, people and processes, closed 2020 with a loan book over £250m.

This growth follows continued focus on strengthening relationships with clients and introducers across the UK, and another year of strong development of the Group's asset-based lending portfolio.

Highlights include:

- Ending the year with new record high Asset Finance loan book of £64m
- Ending the year with new record high Bridging Finance loan book of £65m
- Providing new funding facilities of £125m to over 1,000 new clients
- Delivering total funding advances to clients of £1.5bn
- Lending over £35m via the Group's accreditation to the Government's Coronavirus Business Interruption Loan Scheme ("CBILS").

## The Group's mission

Ultimate Finance's vision is to become the funding partner of choice for businesses and introducers in the UK, having lent over £10bn to date.

The Group is committed to helping address the funding gap for SME businesses caused by traditional lenders moving out of this market.

The Group provides flexible funding solutions necessary to help businesses realise their potential, through unlocking working capital, funding the purchase of assets and easing cashflow challenges by providing a financial cushion to draw upon when it is needed.

Technology is used where it can improve the ease, speed and quality of the Group's service, for example, to speed up the application process, improve visibility of funding decision progress and make operating processes smarter for all.

## The Group's values help differentiate Ultimate Finance from its competitors

Three core values shape Ultimate Finance, developing a company culture that promotes collaboration and transparency:

- **Decency** – Doing the right thing by clients and introducers alike. Not about ticking boxes but looking at the bigger picture and finding the right solution.
- **Brilliance** – Going the extra mile. Empowering people so they have the authority and ability to make decisions and deliver the best possible service.
- **Enterprise** – All about evolution and innovation. Modernising the Group's approach when and where necessary. Harnessing data and technology to improve speed, efficiency and overall experience.

This approach has ensured that Ultimate Finance is the funding partner of choice for more and more businesses delivering an outstanding Trustpilot score of 4.9 out of 5, and a Net Promoter Score from clients of 66 against the financial services sector average of 36.

## Outlook

The Board remains confident about the outlook for the business and its ambition to be a major player in the UK SME funding market. This will be achieved by continuing to focus on lending solutions requiring superior personalised service to deliver profitable growth and market differentiation. The Group's strategic priorities will centre around its People Promise, long-term partnership approach, solution-led funding and use of technology and data as enablers.

# Ultimate Finance Group Limited

Strategic report (continued)  
For the year ended 31 December 2020

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## COVID-19

COVID-19 has significantly impacted many businesses across the UK and the world and many of the Group's SME clients have experienced a severe drop in revenue. Client support teams have been working closely with clients to help them through a difficult period, including, where necessary, temporarily amending payment terms and providing additional flexibility within facilities. This has had a knock-on effect on the Group's business and financial performance with a drop in the size of the loan book and income. However, the Group has good support from its shareholder and has ensured it can continue to fund new and existing clients throughout this episode. The Group's principal bankers, Lloyds, RBS Invoice Finance, British Business Investments and HSBC have also been supportive by acknowledging assistance the Group has granted to clients and continue to fund these amended receivables.

The British Business Bank has granted the Group accreditation to offer loans under the Coronavirus Business Interruption Loan Scheme ("CBILS") for Invoice Finance, Term Loans, Asset Finance and Bridging Finance. This allows the Group to offer CBILS, which are an important element of government support through COVID-19. Management saw strong demand for these products both during the year and while they could be offered up to 31 March 2021, which in turn will help support the loan book and revenue.

In previous economic downturns, there has been a shift to alternative sources of funding and the Board believes that the Group is well placed to continue to provide its clients with funding and to support their businesses through this uncertainty.

## Brexit

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

## Going concern

The principal risks and uncertainties affecting the Group and the steps taken to mitigate these risks are described above. *In order to continue as a going concern the Group is reliant on the support of its parent, Bentley Park (UK) Limited, and Lakeland Cove Limited, an entity controlled by the ultimate controlling shareholder, which provide funding to the Company and Group. The directors of Bentley Park (UK) Limited have indicated it is their current intention that this support will continue until the Group is able to support itself and that repayment of balances due to group companies will only be required when funds are available.*

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

## Approval

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

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



Neil McMyn  
Director  
30 June 2021

## **Ultimate Finance Group Limited**

### **Directors' report**

**For the year ended 31 December 2020**

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The directors present their Group consolidated and Company audited financial statements for the year ended 31 December 2020.

#### **Results and dividend**

The consolidated statement of comprehensive income is set out on page 13 and shows the loss for the year. No dividend is proposed (2019: £nil).

#### **Directors and directors' interests**

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

N McMyn

J Levy

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

#### **Directors' indemnity**

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

#### **Disclosure of information to auditor**

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

#### **Auditor**

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

#### **Approval**

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

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



**Neil McMyn**  
Director

30 June 2021



## **Ultimate Finance Group Limited**

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

**For the year ended 31 December 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Ultimate Finance Group Limited

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

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#### Opinion

We have audited the financial statements of Ultimate Finance Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

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

We have nothing to report in this regard.

## Ultimate Finance Group Limited

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

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#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept 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.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## Ultimate Finance Group Limited

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

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

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

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

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

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

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

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

#### Use of our report

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

RSM UK Audit LLP

HYWEL PEGLER (Senior Statutory Auditor)

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

Chartered Accountants

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

30 June 2021

## Ultimate Finance Group Limited

### Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	31,414	34,976
Cost of sales	5	(18,556)	(21,799)
Gross profit		12,858	13,177
Administrative expenses		(14,551)	(17,235)
Operating loss	6	(1,693)	(4,058)
Finance income	8	3	9
Loss before taxation		(1,690)	(4,049)
Taxation	9	1,366	(385)
Loss for the year and total comprehensive loss		(324)	(4,434)

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

All results are derived from continuing operations. The accompanying notes on pages 17 to 37 form an integral part of the financial statements.

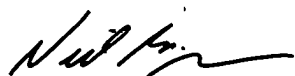
# Ultimate Finance Group Limited

## Consolidated and company statement of financial position as at 31 December 2020

	Note	Group		Company	
		2020 £000	2019 £000 (as restated)	2020 £000	2019 £000
<b>Fixed assets</b>					
Investment in subsidiaries	10	-	-	7,070	7,070
Goodwill and other intangibles	11	330	656	330	656
Property, plant and equipment	12	232	461	203	400
		<b>562</b>	<b>1,117</b>	<b>7,603</b>	<b>8,126</b>
<b>Current assets</b>					
Debtors due within one year	13	191,063	202,341	123,933	96,041
Debtors due after more than one year	13	42,559	37,374	-	-
Deferred tax assets	18	2,014	655	-	-
Cash and cash equivalents		15,578	26,663	3,080	3,071
		<b>251,214</b>	<b>267,033</b>	<b>127,013</b>	<b>99,112</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>220,606</b>	<b>241,059</b>	<b>147,531</b>	<b>117,258</b>
<b>Net current assets/(liabilities)</b>		<b>30,608</b>	<b>25,974</b>	<b>(20,518)</b>	<b>(18,146)</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>23,516</b>	<b>24,113</b>	<b>-</b>	<b>-</b>
<b>Net assets/(liabilities)</b>		<b>7,654</b>	<b>2,978</b>	<b>(12,915)</b>	<b>(10,020)</b>
<b>Equity attributable to owners of the parent</b>					
Share capital	19	29,266	24,266	29,266	24,266
Share premium		6,450	6,450	6,450	6,450
Retained earnings		(28,062)	(27,738)	(48,631)	(40,736)
<b>Total equity</b>		<b>7,654</b>	<b>2,978</b>	<b>(12,915)</b>	<b>(10,020)</b>

The Company's loss for the year and total comprehensive loss for the year were £7,895,000 (2019: £9,619,000).

The accompanying notes on pages 17 to 37 form an integral part of the financial statements. These financial statements were approved by the board of directors on 30 June 2021 and were signed on its behalf by:



Neil McMyn  
Director

# Ultimate Finance Group Limited

## Consolidated statement of cash flows For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Loss after tax		(324)	(4,434)
Adjustments for:			
Depreciation of property, plant and equipment	12	268	336
Amortisation of intangible assets	11	333	266
Provisions for impairment of loans and other receivables		4,715	7,786
Interest expense		8,745	9,180
Interest income		(3)	(9)
Taxation		(1,366)	385
Gain on sale of fixed assets		(12)	(23)
<b>Operating cash flows before movements in working capital</b>		<b>12,356</b>	<b>13,487</b>
Decrease/(increase) in loans and other receivables	13	1,378	(40,620)
Increase/(decrease) in trade and other payables	15	3,278	(2,894)
<b>Net cash provided/(used) in operating activities</b>		<b>17,012</b>	<b>(30,027)</b>
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	11	(7)	(241)
Acquisition of property, plant & equipment	12	(40)	(77)
Proceeds on disposal of property, plant & equipment	12	13	29
<b>Net cash used in investing activities</b>		<b>(34)</b>	<b>(289)</b>
<b>Cash flows from financing activities</b>			
Interest received	8	3	9
Interest paid	5	(2,827)	(4,060)
(Decrease)/increase in bank borrowings	15	(50,239)	44,509
Increase/(decrease) in loans from parent company		25,000	(20,000)
<b>Net cash (utilised)/provided by financing activities</b>		<b>(28,063)</b>	<b>20,458</b>
<b>Net movement in cash and cash equivalents</b>		<b>(11,085)</b>	<b>(9,858)</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>26,663</b>	<b>36,521</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>15,578</b>	<b>26,663</b>

The accompanying notes on pages 17 to 37 form an integral part of the financial statements.

## Ultimate Finance Group Limited

### Consolidated and Company statement of changes in equity for the year ended 31 December 2020

#### Group statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2019 (as previously stated)	24,266	6,450	(20,489)	10,227
Prior period adjustment (note 3)	-	-	(2,815)	(2,815)
At 1 January 2019 (as restated)	24,266	6,450	(23,304)	7,412
Total comprehensive loss for the year	-	-	(4,434)	(4,434)
At 31 December 2019	24,266	6,450	(27,738)	2,978
Shares issued in the year	5,000	-	-	5,000
Total comprehensive loss for the year	-	-	(324)	(324)
<b>At 31 December 2020</b>	<b>29,266</b>	<b>6,450</b>	<b>(28,062)</b>	<b>7,654</b>

#### Company statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2019	24,266	6,450	(31,117)	(401)
Total comprehensive loss for the year	-	-	(9,619)	(9,619)
At 31 December 2019	24,266	6,450	(40,736)	(10,020)
Shares issued in the year	5,000	-	-	5,000
Total comprehensive loss for the year	-	-	(7,895)	(7,895)
<b>At 31 December 2020</b>	<b>29,266</b>	<b>6,450</b>	<b>(48,631)</b>	<b>(12,915)</b>

The accompanying notes on pages 17 to 37 form an integral part of the financial statements.



# Ultimate Finance Group Limited

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

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### 1 Accounting policies

#### *General information*

Ultimate Finance Group Limited (the "Company") and together with its subsidiaries, (the "Group") is a company limited by shares and is registered and incorporated in England.

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

#### *Basis of accounting*

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

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

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

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

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

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

#### *Basis of consolidation*

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

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

In accordance with Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented for the Company.

# Ultimate Finance Group Limited

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

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## 1 Accounting policies (continued)

### *Business combinations*

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

### *Going Concern*

The Group is reporting a loss after tax of £0.3 million in 2020 and £4.4 million in 2019. These losses have caused the Group's retained losses to increase to £28.1 million at 31 December 2020 from £27.7 million at 31 December 2019. Over the same period net assets increased from £3.0 million to £7.7 million following the issue of £5.0 million of share capital and the above noted loss. The directors have considered the financial position of the Group and its cash flows from its financial forecasts and have concluded that the Group has adequate funding in place through both shareholder support and external facilities to allow it to fulfil its growth plans. The directors are confident that back-to-back funding will continue to be available and that other facilities can be renewed, extended or replaced when required to meet its business plans.

In order to continue as a going concern the Group is reliant on the support of its parent, Bentley Park (UK) Limited, and Lakeland Cove Limited, an entity controlled by the ultimate controlling shareholder, which provide funding to the Company and Group. The directors of Bentley Park (UK) Limited have indicated it is their current intention that this support will continue until the Group is able to support itself and that repayment of balances due to group companies will only be required when funds are available.

COVID-19 has significantly impacted many businesses across the UK and many of the Group's SME clients have experienced a severe drop in revenue. This has had a knock-on effect on the Group's business and financial performance with a drop in the size of the loan book and reduced income. However, Ultimate Finance has good support from its shareholder and has sufficient liquidity through cash at bank and availability on bank facilities to ensure that it can continue to fund clients throughout this episode. The Group's principal bankers, Lloyds, RBS Invoice Finance, British Business Investments and HSBC have also been supportive by acknowledging assistance the Group has granted to clients and continuing to fund these amended receivables.

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

### *Value added tax*

The Company is the controlling party for a group registration for VAT.

# Ultimate Finance Group Limited

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

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### 1 Accounting policies (continued)

#### *Revenue recognition*

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

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

#### *Finance lease and hire purchase income*

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

#### *Interest income*

Interest income is recognised in the statement of comprehensive income for all financial assets measured at amortised cost using approximations to the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected life, or contractual term if shorter, of the financial asset to the net carrying amount of the financial asset. For Loan products where there are regular capital repayments, the sum of digits method is used as an approximation to EIR. For products that have repayments at contracted maturity, the straight-line method of interest allocation is used as an approximation to EIR. Invoice discounting and factoring products have interest applied to outstanding amounts on a daily basis. Management consider these methods to be appropriate approximations to the EIR method.

#### *Service and other fee income*

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

#### *Expenditure*

##### *Commissions*

Where commissions are not directly linked to a financial instrument, it is recognised in the statement of comprehensive income over the period to which it relates. For products that have regular repayments, broker fees are recognised using the sum of digits method. Broker fees are spread on a straight-line basis for products that are repaid at maturity.

##### *Operating lease payments*

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

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

# Ultimate Finance Group Limited

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

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## 1 Accounting policies (continued)

### *Expenditure (continued)*

#### *Borrowing costs*

Borrowing costs in relation to the Group's facilities are shown within cost of sales. Interest on loans from the Company's parent is also included in cost of sales.

Interest on 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 statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The Company's policy is not to receive reimbursements for any losses it surrenders to subsidiary companies.

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

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

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

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

#### *Employee benefits*

##### *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

#### *Investments*

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

# Ultimate Finance Group Limited

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

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## 1 Accounting policies (continued)

### *Goodwill*

Goodwill is stated at cost less amortisation and any accumulated impairment losses. Amortisation of goodwill arising in previous years is on a five-year straight-line basis being the directors' best estimate of the period over which they will get value for the acquisition.

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.

### *Intangible assets*

#### *Externally acquired intangible assets*

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

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

#### *Internally developed intangible assets*

Internally developed intangible assets represent software and other product development costs which are stated at cost less accumulated amortisation and impairment losses.

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

Product and software development	five years after product launch
Client relationships	two years

### *Impairment of fixed assets*

Fixed 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).

# Ultimate Finance Group Limited

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

### 1 Accounting policies (continued)

#### *Property, plant and equipment*

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

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

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

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

#### *Cash and cash equivalents*

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

#### *Financial assets*

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

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

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

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

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

The recognition of impairment is a critical accounting judgement. Determining whether or not a financial instrument is impaired at the balance sheet date is complex and requires management judgement, as an instrument may be impaired without obvious indication, such as arrears. As well as using experience of prior periods and detailed knowledge of the clients' performance, management is also able to assess the behaviour of financial instruments since the balance sheet date to determine which financial instruments may be impaired as at the balance sheet date. In respect of loans and receivables, the Group assesses on an ongoing basis whether there is objective evidence that an individual loan asset is impaired. If any such indication exists, the asset's recoverable amount is estimated. Where its value is known, this will take into account the value of any collateral held. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income in cost of sales.

# Ultimate Finance Group Limited

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

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### 1 Accounting policies (continued)

#### *Impairment of loans and receivables (continued)*

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

#### *Derecognition of financial assets and liabilities*

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

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

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

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

#### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### *Equity instruments*

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

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

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

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

#### *Bank overdrafts*

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

#### *Borrowings*

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

# Ultimate Finance Group Limited

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

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## 1 Accounting policies (continued)

### *Securitisation*

The Group securitises some of its financial assets via the sale of these assets to a special purpose vehicle ("SPV"), which part funds the acquisition by drawing down on a banking facility. All financial assets continue to be held on the Group's Statement of Financial Position. The Group transfers leases and hire purchase agreements with its clients to the SPV, Midland Court Receivables Finance Limited ("MCRF") but retains substantially all the risk and rewards of ownership. The Group benefits from the additional capital and to the extent that income generated by the transferred assets exceeds the administration costs of the SPV, the interest cost in the SPV and the cost of any credit losses. The risks retained include credit risk and late payment risk.

### *Foreign currency*

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

## 2 Critical accounting judgements and key sources of estimation uncertainty

In these consolidated financial statements management has made judgements, estimates and assumptions, in accordance with FRS 102, that affect the applications of the Group's accounting policies and the reported amounts of assets and liabilities as at the date of reporting the financial statements and the reported amounts of revenues and expenditure during the year. Actual results may differ from these estimates.

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

### *Judgements*

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

Note 4 – revenue recognition, determine the appropriate basis by which to record income

### *Assumptions and estimation uncertainties*

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

Note 13 - provisioning against receivables, determining the appropriate level of provision required. Major exposures and levels of default together with other credit issues are reviewed regularly. The Group has strict policies and procedures in place to monitor this risk. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients. Future expected cashflows and the valuation of relevant securities are assessed.



# Ultimate Finance Group Limited

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

### 3 Prior period adjustment

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

Extract from the restated statement of financial position:

	As previously reported £'000	At 31 December 2019	
		Adjustment £'000	As restated £'000
Debtors - Loans receivable	241,683	(2,815)	238,868
Net assets	5,793	(2,815)	2,978
Opening retained earnings	(20,489)	(2,815)	(23,304)
Closing retained earnings	(24,923)	(2,815)	(27,738)

### 4 Revenue

	2020 £'000	2019 £'000
Revenue arises from:		
Hire purchase income	5,300	4,960
Finance lease income	1,362	1,302
Service fee income	10,159	10,977
Interest income	8,356	10,832
Debtor protection income	1,534	1,716
Other fee income	4,703	5,189
	<b>31,414</b>	<b>34,976</b>

### 5 Cost of sales

	2020 £'000	2019 £'000
Finance costs - bank interest	2,827	4,060
Finance costs - inter-group interest	5,918	5,120
Impairment of client balances	4,715	8,598
Cost of sales - other	5,096	4,021
	<b>18,556</b>	<b>21,799</b>

"Finance costs" include interest payable on the syndicated back-to-back financing facility with Lloyds Bank, RBS Invoice Finance and British Business Investments, interest on the securitisation with HSBC, interest on the OakNorth facility, the block discount facility with Aldermore and group interest charged from Bentley Park (UK) Limited, the Company's immediate parent.

"Cost of sales - other" relates to brokers commission, external fees recharged to clients and internal commissions incurred.

# Ultimate Finance Group Limited

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

### 6 Operating loss

	2020	2019
	£'000	£'000
This has been arrived at after charging/(crediting):		
Amortisation of intangible assets (note 11)	333	266
Depreciation of property, plant and equipment (note 12)	268	336
Property rental expense	467	539
Vehicle rental expense	150	252
Profit on disposal of fixed assets	(12)	(23)
Exchange loss	189	12

Audit fees are borne by the Company's immediate parent, Bentley Park (UK) Limited of which £18,000 (2019: £12,000) relate to the audit of these consolidated financial statements and £95,000 (2019: £86,000) to the audit of the financial statements of the Company's subsidiaries.

The Group incurred £9,000 of costs in relation to RSM operating the Group's payroll function and £186,000 in relation to the operation of payroll activities of the Group's clients. In 2019, £20,000 was incurred for advisory services by associates of the external auditor.

### 7 Staff costs

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Staff costs (including directors) comprise:				
Wages and salaries	7,657	8,742	3,078	2,826
Social security costs	982	1,129	364	344
Other pension costs	588	649	261	219
	<b>9,227</b>	<b>10,520</b>	<b>3,703</b>	<b>3,389</b>

The average number of people employed by the Group (including directors) during the year was 152 (2019: 187). The average number of persons employed by the Company (including directors) during the year was 51 (2019: 57).

#### Directors' remuneration

The directors did not receive any remuneration for their services to the Company. The directors are also directors of the immediate parent company, Bentley Park (UK) Limited, and their remuneration is disclosed in the accounts for that company. Recharges from Bentley Park (UK) Limited to the Company of £1,060,000 (2019: £1,296,000) were made in the year which included £479,000 of directors' remuneration (2019: £460,000).

#### Key management remuneration

	2020	2019
	£'000	£'000
Wages and salaries	1,120	1,100
Other pension costs	92	102
	<b>1,212</b>	<b>1,202</b>

# Ultimate Finance Group Limited

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

## 8 Finance income

	2020 £'000	2019 £'000
<i>Finance income</i>		
Bank interest income	3	9

Borrowing costs in relation to the back-to-back and other facilities (note 16) and on intra-group loans are not included here but are included within cost of sales.

## 9 Taxation

	2020 £'000	2019 £'000
Tax (credit)/charge	(1,366)	385

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

	2020 £'000	2019 £'000
Loss before taxation	(1,690)	(4,049)
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(321)	(769)
Expenses not deductible for tax purposes	126	133
(Accelerated)/decelerated capital allowances	(1,359)	382
Adjustment in respect of the previous year	(7)	3
Losses carried forward not recognised	195	636
Total tax (credit)/charge	(1,366)	385

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

The Group has tax losses carried forward of £16,405,000 (2019: £15,379,000) and has not recognised a deferred tax asset of £3,117,000 (2019: £2,922,000) due to the uncertainty of the timing of its recovery. As detailed further in note 18, the Group has recognised a deferred tax asset in relation to decelerated capital allowance in its subsidiaries.

# Ultimate Finance Group Limited

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

## 10 Investment in subsidiaries – Company

£'000

Cost at 31 December 2019 and 31 December 2020

7,070

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

Name of company	Place of incorporation
Ultimate Finance Limited	England
Ultimate Trade Finance Limited **	England
Ultimate Asset Finance Limited	England
Ultimate Business Finance Limited**	England
Ashley Finance Limited **	England
Ultimate Bridging Finance Limited	England
Ultimate Bridging Finance 2 Limited ***	England
Ultimate Construction Finance Limited*	England

\* In December 2018, resolutions were passed to put the company into a member's voluntary liquidation. At the time of signing these accounts, the company has yet to be dissolved.

\*\* These companies have taken their entitlement to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2020.

\*\*\* Ultimate Bridging Finance 2 Limited was incorporated on 17 June 2020 and is fully owned by Ultimate Bridging Finance Limited.

All investments are 100% owned either directly or indirectly and held at their historical cost less any impairment. All Group companies have their registered office at First Floor, Equinox North, Great Park Road, Bradley Stoke, Bristol BS32 4QL. This is the principal place of business for all the companies above apart from Ultimate Bridging Finance Limited and Ultimate Bridging Finance 2 Limited which are at 6th Floor, York House, York Street, Manchester, M2 3BB.

## 11 Goodwill and other intangible assets

### Group

	Goodwill	Client relationships	Capitalised Development	Software Development	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
Balance at 1 Jan 2020	5,339	682	931	1,121	8,073
Additions	-	-	-	7	7
<b>Balance at 31 Dec 2020</b>	<b>5,339</b>	<b>682</b>	<b>931</b>	<b>1,128</b>	<b>8,080</b>
<b>Accumulated amortisation</b>					
Balance at 1 Jan 2020	5,339	682	931	465	7,417
Amortisation charge for the year	-	-	-	333	333
<b>Balance at 31 Dec 2020</b>	<b>5,339</b>	<b>682</b>	<b>931</b>	<b>798</b>	<b>7,750</b>
<b>Net book value</b>					
Balance at 31 Dec 2020	-	-	-	330	330
Balance at 31 Dec 2019	-	-	-	656	656

# Ultimate Finance Group Limited

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

## 11 Goodwill and other intangible assets (continued)

### Intangible assets – Company

### Software Development £'000

#### Cost

Balance at 1 January 2020

1,121

Additions

7

**Balance at 31 December 2020**

**1,128**

#### Accumulated amortisation

Balance at 1 January 2020

465

Amortisation charge for the year

333

**Balance at 31 December 2020**

**798**

#### Net book value

**Balance at 31 December 2020**

**330**

Balance at 31 December 2019

656

## 12 Property, plant and equipment

### Group

	Computers	Fixtures and fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000

#### Cost

Balance at 1 January 2020

486

1,098

44

1,628

Additions

40

-

-

40

Disposals

(22)

(57)

(21)

(100)

**Balance at 31 December 2020**

**504**

**1,041**

**23**

**1,568**

#### Accumulated depreciation

Balance at 1 January 2020

408

715

44

1,167

Depreciation charge for the year

58

210

-

268

Disposals

(21)

(57)

(21)

(99)

**Balance at 31 December 2020**

**445**

**868**

**23**

**1,336**

#### Net book value

**At 31 December 2020**

**59**

**173**

**-**

**232**

At 31 December 2019

78

383

-

461

# Ultimate Finance Group Limited

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

## 12 Property, plant and equipment (continued)

Company	Computers	Fixtures and fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
Balance at 1 January 2020	366	715	1,081
Additions	40	-	40
Disposals	(16)	-	(16)
<b>Balance at 31 December 2020</b>	<b>390</b>	<b>715</b>	<b>1,105</b>
<b>Accumulated depreciation</b>			
Balance at 1 January 2020	289	392	681
Depreciation charge for the year	57	179	236
Disposals	(15)	-	(15)
<b>Balance at 31 December 2020</b>	<b>331</b>	<b>571</b>	<b>902</b>
<b>Net book value</b>			
At 31 December 2020	59	144	203
At 31 December 2019	77	323	400

## 13 Debtors

	Group 2020 £'000	Group 2019 £'000 (as restated)*	Company 2020 £'000	Company 2019 £'000
Loans receivable	234,812	238,868	-	-
Deferred revenue	(4,560)	(2,098)	-	-
Prepayments	3,138	2,713	391	400
Amounts owed by Group undertakings	-	-	122,859	95,308
Other debtors	232	232	683	333
	<b>233,622</b>	<b>239,715</b>	<b>123,933</b>	<b>96,041</b>

\*Refer to note 3

	Group 2020 £'000	Group 2019 £'000 (as restated)	Company 2020 £'000	Company 2019 £'000
Analysed as:				
Debtors due within one year	191,063	202,341	123,933	96,041
Debtors due after one year	42,559	37,374	-	-
	<b>233,622</b>	<b>239,715</b>	<b>123,933</b>	<b>96,041</b>

As described in note 1, the Company has securitised some financial assets and continues to recognise them on the Statement of Financial Position. At 31 December 2020, £85,448,000 of assets had been sold to the SPV of which £40,883,000 had been repaid, leaving a balance outstanding of £44,565,000 (2019: £63,264,000 had been sold to the SPV of which £18,471,000 had been repaid leaving a balance outstanding of £44,793,000).

# Ultimate Finance Group Limited

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

### 13 Debtors (continued)

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

	2020 £'000	2019 £'000 (as restated)
Outstanding client balances	251,506	253,580
Allowances for losses	(13,688)	(14,712)
	<b>237,818</b>	<b>238,868</b>

#### Collateral

In addition to the value of the underlying assets being financed (whether assigned sales ledger balances, plant and machinery or property), the Group will wherever possible obtain additional security before offering a facility to a client. This could include personal guarantees from major shareholders and/or directors, charges over personal and other business property, cross guarantees from associated companies and unlimited performance warranties in the case of frauds. The Group is only able to enforce this security following an event of default. These additional forms of security are impractical to fair value, as valuations of the guarantees or warranties are not capable of being accurately determined at any point during the agreement.

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

### 14 Finance lease debtors

Ultimate Asset Finance Limited provides equipment finance lease rentals to its clients.

The client contracts are classified as finance lease receivables as the rental period amounts to the estimated useful economic life of the assets concerned. Ultimate Asset Finance Limited often has the right to purchase the assets outright from the finance provider, where there is one, at the end of the minimum lease term by paying a nominal amount. This right is also provided to its clients.

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

	Future minimum lease payments £'000	Unearned finance income £'000	Present value £'000
<b>At 31 December 2020</b>			
Not later than one year	28,248	(6,684)	21,564
Later than one year and not later than five years	48,065	(6,683)	41,382
Later than five years	15	(1)	14
	<b>76,328</b>	<b>(13,368)</b>	<b>62,960</b>
	Future minimum Lease payments £'000	Unearned finance income £'000	Present value £'000
<b>At 31 December 2019</b>			
Not later than one year	25,174	(5,669)	19,505
Later than one year and not later than five years	38,885	(5,210)	33,675
Later than five years	2,608	(112)	2,496
	<b>66,667</b>	<b>(10,991)</b>	<b>55,676</b>

# Ultimate Finance Group Limited

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

### 14 Finance lease debtors (continued)

The unearned finance income at 31 December 2020 was £13,368,000 (2019: £10,991,000). There was £nil unguaranteed residual value accruing at the year end (2019: £nil).

### 15 Creditors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Bank borrowings and overdrafts	96,582	146,821	-	-
Trade creditors	515	289	365	203
Other payables	9,263	5,953	-	19
Accruals	3,618	3,530	124	328
Other tax and social security	828	883	-	-
Amounts owed to parent undertaking	133,251	107,587	147,042	116,708
Other creditors	65	109	-	-
	<b>244,122</b>	<b>265,172</b>	<b>147,531</b>	<b>117,258</b>
<b>Analysed as</b>	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
Creditors: amounts due within one year	220,606	241,059	147,531	117,258
Creditors: amounts due after one year	23,516	24,113	-	-
	<b>244,122</b>	<b>265,172</b>	<b>147,531</b>	<b>117,258</b>

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

### 16 Bank borrowings

	2020 £'000	2019 £'000
Bank borrowings	<b>96,582</b>	<b>146,821</b>

The Group has a syndicated back-to-back financing facility with Lloyds Bank, RBS Invoice Finance and British Business Investments. The facility, which operates with six months' notice, allows the Group to draw down, repay and redraw funds throughout the life of the facility on the condition that various criteria are met. Within the bank borrowings at a Group level, £54,178,000 at 31 December 2020 (2019: £109,413,000) relates to this facility, leaving headroom of £70,822,000 at 31 December 2020 (2019: £15,587,000).

On 25 June 2021, the Group increased the facility limit to £160 million and welcomed HSBC Bank to the syndicate.

As part of the security relating to the original back-to-back receivables finance agreement, Lloyds held cash collateral of £3m as at 31 December 2020. Although this collateral was restricted, management considered this to be highly liquid and was thus classified as cash and cash equivalents in the financial statements. Subsequent to year end, the collateral amounts have been released as part of the arrangements relating to the refinancing signed on 25 June 2021.



# Ultimate Finance Group Limited

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

## 16 Bank borrowings (continued)

As described in the Securitisations policy in Note 1, the Group and its subsidiary Ultimate Asset Finance Limited ("UAF") record MCRF's financial liability with HSBC in their Statements of Financial Position and all the associated costs in their Statements of Comprehensive Income. The HSBC facility matures in December 2021. The Group is currently confident that it will be able to extend or refinance the facility prior to that date. However, if that is not possible the debt will amortise from payments received from the receivables. The amount outstanding at 31 December 2020 was £32,285,000 (2019: £33,362,000).

In June 2019, UAF signed a £5m block discounting facility with Aldermore Bank Plc. The facility is subject to annual review and was increased to £10m in June 2021. The amount outstanding at 31 December 2020 was £4,389,000.

In August 2020, Ultimate Bridging Finance 2 Limited signed a three year, £20m loan on loan revolving facility with OakNorth Bank which is used to refinance a portion of eligible loans. The amount outstanding at 31 December 2020 was £5,728,000. On 9 February 2021, the facility limit was increased to £30m, a parent company guarantee was introduced, and certain operational terms simplified.

## 17 Employee benefits

### Pension

The Group operates a defined contribution pension scheme. The pension cost charge for the year includes contributions payable by the Group to the scheme and amounted to £565,000 (2019: £584,000). Contributions amounting to £75,000 were unpaid at the year end and are included in trade and other payables (2019: £88,000).

## 18 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019 - 17%).

### Recognised deferred tax assets

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

#### (Credit)/charge in respect of deferred tax during the year

	2020 £'000	2019 £'000
(Accelerated)/decelerated capital allowances	(1,359)	382
	<b>(1,359)</b>	<b>382</b>

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

At the beginning of the year	655	1,037
Credit/(charge) in the year	1,359	(382)
At the end of the year	<b>2,014</b>	<b>655</b>

# Ultimate Finance Group Limited

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

### 18 Deferred tax (continued)

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

### 19 Share capital

Issued and fully paid	2020 Number	2020 £'000	2019 Number	2019 £'000
Ordinary shares of £0.05 each	585,324,700	29,266	485,324,700	24,266

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. On 17 December 2020, £5 million of debt owed by the Company to its parent was converted into 100,000,000 ordinary £0.05 shares increasing the share capital of the Company to £29,266,000.

### 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 2022 at the latest.

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

	Land & buildings 2020 £'000	Other 2020 £'000	Land & buildings 2019 £'000	Other 2019 £'000
Not later than one year	429	53	383	140
Later than one year and not later than 5 years	206	43	481	58
	<b>635</b>	<b>96</b>	<b>864</b>	<b>198</b>

### 21 Related party transactions

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

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

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

# Ultimate Finance Group Limited

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

## 22 Guarantee and indemnity

On 25 June 2021, the Group amended this facility increasing the limit to £160 million for a three-year term and bringing HSBC Bank into the syndicate. British Business Investments left the syndicate in March 2021.

The receivables financed by the facility are the debts assigned to Ultimate Finance Limited by its clients. The syndicate also has security for the facility by way of a composite guarantee and all assets debenture given by Ultimate Finance Limited and Ashley Finance Limited together with a further guarantee and indemnity from the Company.

The Company also provides a guarantee for Ultimate Asset Finance's liabilities under its facility with Aldermore Bank. On 9 February 2021 the Company also became guarantor of Ultimate Bridging Finance No.2's obligations under its facility with OakNorth Bank.

## 23 Financial risk management

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

### *Credit risk*

Credit risk arises from all exposures to clients on the Group's financing activities. The Group's boards establish underwriting limits, review concentrations and establish procedures on credit decisions.

Major exposures and levels of default together with other credit issues are reviewed regularly. The Group has strict policies and procedures in place to monitor this risk. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients.

### *Market risk*

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

### *Interest rate and foreign exchange risks*

The Group does not have significant exposure to currency risk or interest rate risk as fluctuations in these are passed onto the Group's client base.

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

2020	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Loans Receivables	94,185	73,107	-	167,292
Finance Lease Receivables	-	62,960	-	62,960
Trade and Other Receivables	-	-	3,370	3,370
Cash and Equivalents	3,063	-	12,515	15,578

# Ultimate Finance Group Limited

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

## 23 Financial risk management (continued)

	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
<b>Liabilities</b>				
Borrowings	92,193	4,389	-	96,582
Inter-group borrowings	-	133,251	-	133,251
Trade and Other Payables	-	-	14,289	14,289

2019 (as restated)	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Loans receivables	136,169	44,925	-	181,094
Finance lease receivables	-	55,676	-	55,676
Trade and other receivables	-	-	2,945	2,945
Cash and Equivalents	-	-	26,663	26,663
<b>Liabilities</b>				
Borrowings	146,821	-	-	146,821
Inter-group borrowings	-	107,587	-	107,587
Trade and other payables	-	-	10,761	10,761

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's principal liquidity risk is in respect of the requirement to maintain sufficient levels of borrowing to fund the financed portfolio over the period that the loans remain outstanding. The Group borrows from related parties and 3<sup>rd</sup> party financing institutions and the Group's directors maintain a regular review and contact with these fellow subsidiaries to ensure sufficient funds remain available. The maturity profile of financial liabilities is discussed in note 16.

The carrying amount of the Group's financial instruments categorised in accordance with FRS 102 were:

	2020 £'000	2019 £'000 (as restated)
Financial assets – debt instruments measured at amortised cost	233,622	239,715
Financial liabilities – measured at amortised cost	244,122	264,289

# Ultimate Finance Group Limited

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

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## 24 Ultimate parent company and ultimate controlling party

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

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

The directors consider the family interests of Mr Joe Lewis to have ultimate control by virtue of their indirect beneficial ownership of the issued share capital of Bentley Park Limited, which is incorporated in the Bahamas, and is the parent of Bentley Park (UK) Limited.

## 25 Post balance sheet events

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

On 9 February 2021, the limit on the OakNorth facility was increased to £30m, a parent company guarantee was introduced, and certain operational terms simplified.

To 30 June 2021, a further £9,192,000 of receivables have been sold under the securitisation funding agreement with HSBC.

On 1 June 2021, the Group increased its block discounting facility with Aldermore from £5m to £10m.