

Co House

Company Registration No. 06740793 (England and Wales)

ULTIMATE PET PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

TUESDAY



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22/09/2020
COMPANIES HOUSE

ULTIMATE PET PARTNERS LIMITED

COMPANY INFORMATION

Directors	K Spencer G Humphreys K Barber M Brittain R Barrington
Secretary	C J Payne
Company number	06740793
Registered office	45 Westerham Road Sevenoaks Kent TN13 2QB
Auditor	Mercer & Hole Batchworth House Batchworth Place Church Street Rickmansworth Hertfordshire WD3 1JE
Business address	Connect Centre Kingston Crescent Portsmouth Hampshire PO2 8DE

ULTIMATE PET PARTNERS LIMITED

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ULTIMATE PET PARTNERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The company is a wholly owned subsidiary of Ultimate HC Limited, whose ultimate parent company is Markerstudy Holdings Ltd and sits within Markerstudy's Affinity Division.

As shown in the statement of profit or loss on page 9, the company's turnover decreased from £10,517,775 for the year to 31 December 2018 to £5,928,921 for the year to 31 December 2019.

Operating profit has decreased from £629,161 for the year to 31 December 2018 to a loss of £822,864 for the year to 31 December 2019.

The balance sheet on page 10 of the financial statements shows the company's financial position at the year end. Net assets decreased from £859,906 as at 31 December 2018 to £nil as at 31 December 2019.

On 30 September 2019 the company, as part of a group restructure, transferred the trade and assets to Insurance Factory Limited, a fellow subsidiary. Consequently, the Statement of Profit or Loss represents nine months of trade and is not directly comparable with the results for the year ended 31 December 2018.

Any intercompany balances outstanding have been waived and as a result, net assets have been reduced to £nil. The amounts waived are shown as an exceptional item in the Statement of Profit or Loss to highlight and distinguish the atypical expense incurred in the year from trading activity.

Following the transfer of trade, the company is expected to remain dormant.

ULTIMATE PET PARTNERS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

From the perspective of the company the principal risks and uncertainties during the year were integrated with the principal risks and uncertainties of the parent group and were not managed separately. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk management and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the company and the compliance team and finance department take on an important oversight role in this regard. The Board is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

Ultimate Pet Partners Limited has developed a framework for identifying the risks that the business sectors are exposed to and their impact on economic capital.

The principal risks to the company are a failure for pricing increases to keep pace. Changes to the distribution models in the UK also remain a risk. The internet has emerged as the most significant source of new business in recent years. Continually developing a strategy to capitalise on these emerging trends is essential. A wholesale shift in the UK intermediary market resulting in withdrawal of this distribution sector would impact the business model.

The risks identified above are in respect of the insurance broking business and only affect the company to the extent that it is connected to the parent group and external insurance activities and performance for its turnover. The company's other risks are in respect of the management of its expenses.

The company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from policies as they fall due.

(a) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The group manages this risk through an established credit committee which reviews and authorises credit facilities to counterparties after appropriate credit analysis has been performed.

(b) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board maintains a significant proportion of its investments in liquid assets to enable any such calls to be met.

Key performance indicators

The company's own KPI's are turnover and expenses. Expenses are monitored monthly against the budget by expenses type. Variance reporting is a key feature of the process.

KPI	Year to December 2019	Year to December 2018
	£	£
Turnover	5,928,921	10,517,775
Administrative expenses	4,854,909	7,496,060

Turnover

Turnover decreased by £4,588,854

Administrative expenses

Administrative expenses decreased by £2,641,151

ULTIMATE PET PARTNERS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Future outlook

Following the transfer of trade, the company is expected to remain dormant.

On behalf of the board



M Brittain

Director



ULTIMATE PET PARTNERS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of Ultimate Pet Partners Limited during the period is that of the provision of insurance services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Spencer
G Humphreys
K Barber
M Brittain
R Barrington

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

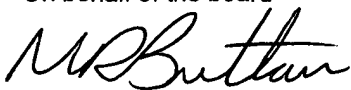
Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



M Brittain
Director

Date: 21 September 2020

ULTIMATE PET PARTNERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

ULTIMATE PET PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ULTIMATE PET PARTNERS LIMITED

Opinion

We have audited the financial statements of Ultimate Pet Partners Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of 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 company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.
-

ULTIMATE PET PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ULTIMATE PET PARTNERS LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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, 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 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 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.

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.

ULTIMATE PET PARTNERS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ULTIMATE PET PARTNERS LIMITED

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.

Alexander Bell FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

21 September 2020

Chartered Accountants
Statutory Auditor

Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

ULTIMATE PET PARTNERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	2	5,928,921	10,517,775
Cost of sales		(3,089,602)	(2,509,831)
Gross profit		<u>2,839,319</u>	<u>8,007,944</u>
Administrative expenses		(4,854,909)	(7,496,060)
Other operating income		698,718	117,277
Exceptional item	3	494,008	-
Operating (loss)/profit	4	<u>(822,864)</u>	<u>629,161</u>
Interest receivable and similar income	8	18,277	14,212
Interest payable and similar expenses	9	(55,319)	(87,372)
(Loss)/profit before taxation		<u>(859,906)</u>	<u>556,001</u>
Tax on (loss)/profit	10	-	41,208
(Loss)/profit for the financial year		<u><u>(859,906)</u></u>	<u><u>597,209</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ULTIMATE PET PARTNERS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	11	-	-	513,080	
Tangible assets	12	-	-	341,105	
				<u>854,185</u>	
Current assets					
Debtors	14	-	5,361,700		
Cash at bank and in hand		-	3,003,295		
			<u>8,364,995</u>		
Creditors: amounts falling due within one year	16	-	(7,724,716)		
Net current assets			-	640,279	
Total assets less current liabilities			-	1,494,464	
Provisions for liabilities	17		-	(634,558)	
Net assets			-	<u>859,906</u>	
Capital and reserves					
Called up share capital	20	2,000		2,000	
Share premium account		2,450		2,450	
Profit and loss reserves		(4,450)		855,456	
Total equity			-	<u>859,906</u>	

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



M Brittain
Director

Company Registration No. 06740793

ULTIMATE PET PARTNERS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2018	2,000	2,450	258,247	262,697
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	597,209	597,209
Balance at 31 December 2018	2,000	2,450	855,456	859,906
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(859,906)	(859,906)
Balance at 31 December 2019	2,000	2,450	(4,450)	-

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Ultimate Pet Partners Limited is a private company limited by shares incorporated in England and Wales. The registered office is 45 Westerham Road, Sevenoaks, Kent, TN13 2QB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The immediate parent company is Ultimate HC Ltd, a company registered in England and Wales. The ultimate parent company is Markerstudy Holdings Limited, a company registered in Gibraltar.

The largest and smallest group including the results of the company in its consolidation is Markerstudy Holdings Limited.

1.2 Going concern

The trade and assets of the company have been transferred to a fellow subsidiary following a group restructure (see note 3 for further details) and going forward the company will be maintained as a dormant entity. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable in respect of commissions from the sale of insurance policies, exclusive of insurance premium tax and trade discounts, recognised at the inception of the policy.

Turnover also includes income from handling claims on those policies sold.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Revenue from the sale of policies is recognised when the significant risks and rewards of ownership have passed to the buyer (usually on policy inception), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Commission income is calculated as a percentage of the selling price of the insurance policy, less IPT, and affinity partners are then allocated a proportion of this income which is recorded as subcommission and shown within Cost of Sales in the Statement of Comprehensive Income.

Revenue earned for claims handling is recognised in the period the claim was made and approved.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	50% on cost
Website development	50% on cost

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33.3% on cost
Fixtures, fittings & equipment	20% on cost
Computer equipment	50% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.8 Financial instruments

The company applies the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

ULTIMATE PET PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****1 Accounting policies****(Continued)**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Principal activity	5,928,921	10,517,775
	<u>5,928,921</u>	<u>10,517,775</u>
	2019 £	2018 £
Other significant revenue		
Interest income	18,277	14,212
	<u>18,277</u>	<u>14,212</u>
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	5,928,921	10,517,775
	<u>5,928,921</u>	<u>10,517,775</u>

3 Exceptional item

	2019 £	2018 £
Intercompany balance written off	(494,008)	-
	<u>(494,008)</u>	<u>-</u>

On 30 September 2019 the company, as part of a group restructure, transferred the trade and assets to Insurance Factory Limited, a fellow subsidiary. Consequently, the Statement of Profit or Loss represents nine months of trade and is not directly comparable with the results for the year ended 31 December 2018.

Any intercompany balances outstanding have been waived and as a result, net assets have been reduced to £nil. The amounts waived are shown as an exceptional item in the Statement of Profit or Loss to highlight and distinguish the atypical expense incurred in the year from trading activity.

Following the transfer of trade, the company is expected to remain dormant.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating (loss)/profit

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	46,800	46,800
Fees payable to the company's auditor for other assurance services	15,000	14,400
Depreciation of owned tangible fixed assets	121,102	213,788
Amortisation of intangible assets	403,051	337,388
Operating lease charges	135,000	135,000
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	46,800	46,800
Other assurance services	15,000	14,400
	<u>61,800</u>	<u>61,200</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
	nil	nil

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,077,717	3,511,262
Social security costs	150,727	222,710
Pension costs	63,862	97,213
	<u>2,292,306</u>	<u>3,831,185</u>

Employees of Ultimate Insurance Solutions Ltd, Ultimate Pet Partners Limited and BDML Connect Limited, all related companies, are under Ultimate Insurance Solutions Limited contracts of employment. The wages and salaries based on employees performing duties for the other aforementioned companies are recharged accordingly.

Ultimate Pet Partners Limited, BDML Connect Limited and Ultimate Insurance Solutions Ltd are related by virtue of having the same parent company. All are registered in England and Wales.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

2019
£

2018
£

Remuneration for qualifying services

-

97,157

8 Interest receivable and similar income

2019
£

2018
£

Interest income

Interest on bank deposits

18,277

14,212

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss

18,277

14,212

9 Interest payable and similar expenses

2019
£

2018
£

Interest on financial liabilities measured at amortised cost:

Interest payable to group undertakings

55,319

87,372

10 Taxation

2019
£

2018
£

Current tax

UK corporation tax on profits for the current period

-

52,250

Deferred tax

Origination and reversal of timing differences

-

(93,458)

Total tax charge/(credit)

-

(41,208)

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge/(credit) based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	(859,906)	556,001
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(163,382)	105,640
Tax effect of expenses that are not deductible in determining taxable profit	-	1,628
Tax effect of income not taxable in determining taxable profit	(93,862)	-
Unutilised tax losses carried forward	227,409	-
Effect of change in corporation tax rate	-	11,041
Group relief	-	(210,234)
Permanent capital allowances in excess of depreciation	-	39,744
Other permanent differences	29,835	10,973
Taxation charge/(credit) for the year	-	(41,208)

As has been the case in prior years, group losses are expected to be available to offset against taxable profits made in the year to December 2019 and thus no provision relating to the current trading period has been made.

11 Intangible fixed assets

	Software £	Website development £	Total £
Cost			
At 1 January 2019	999,693	12,600	1,012,293
Additions - internally developed	361,192	48,900	410,092
Disposals	(1,360,885)	(61,500)	(1,422,385)
At 31 December 2019	-	-	-
Amortisation and impairment			
At 1 January 2019	498,688	525	499,213
Amortisation charged for the year	381,688	21,363	403,051
Disposals	(880,376)	(21,888)	(902,264)
At 31 December 2019	-	-	-
Carrying amount			
At 31 December 2019	-	-	-
At 31 December 2018	501,005	12,075	513,080

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2019	369,880	355,975	113,502	10,032	849,389
Additions	-	5,355	2,196	-	7,551
Disposals	(369,880)	(361,330)	(115,698)	(10,032)	(856,940)
At 31 December 2019	-	-	-	-	-
Depreciation and impairment					
At 1 January 2019	178,220	230,587	95,924	3,553	508,284
Depreciation charged in the year	58,350	50,856	11,060	836	121,102
Eliminated in respect of disposals	(236,570)	(281,443)	(106,984)	(4,389)	(629,386)
At 31 December 2019	-	-	-	-	-
Carrying amount					
At 31 December 2019	-	-	-	-	-
At 31 December 2018	191,660	125,388	17,578	6,479	341,105

13 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	-	352,237
Carrying amount of financial liabilities		
Measured at amortised cost	-	7,672,466

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	-	178,256
Amounts owed by group undertakings	-	173,981
Prepayments and accrued income	-	4,897,177
	-	5,249,414

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Debtors

(Continued)

	2019	2018
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 18)	-	112,286
	<u> </u>	<u> </u>
Total debtors	<u> </u>	<u>5,361,700</u>

All debtors disclosed above are measured at amortised cost.

15 Cash at bank and in hand

Included in cash at bank and in hand, are amounts held on behalf of insurers and third parties of £nil (2018 - £2,431,162).

16 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	-	3,499,185
Amounts owed to group undertakings	-	3,347,826
Corporation tax	-	52,250
Other creditors	-	111,221
Accruals and deferred income	-	714,234
	<u> </u>	<u> </u>
	<u> </u>	<u>7,724,716</u>

17 Provisions for liabilities

	2019	2018
	£	£
Clawback of commission earned	-	634,558
	<u> </u>	<u> </u>

Movements on provisions:

	Clawback of commission earned £
At 1 January 2019	634,558
Additional provisions in the year	1,342,320
Other movements	<u>(1,976,878)</u>
At 31 December 2019	<u> </u>

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Provisions for liabilities

(Continued)

The provision is in respect of a commission clawback that may be due to the underwriter of several of the pet insurance schemes operated by the company. The amount due is calculated with reference to the underwriting performance of those schemes. This matter is expected to be concluded before the end of the current year.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Balances:		
Accelerated capital allowances	-	4,411
Provisions	-	107,875
	<u>-</u>	<u>112,286</u>
	<u>-</u>	<u>112,286</u>
		2019 £
Movements in the year:		
Asset at 1 January 2019		(112,286)
Transfer on disposal		112,286
		<u>-</u>
Liability at 31 December 2019		<u>-</u>

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	63,862	97,213
	<u>63,862</u>	<u>97,213</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2,000 Ordinary shares of £1 each	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

ULTIMATE PET PARTNERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****21 Operating lease commitments****Lessee**

Operating lease payments in the prior year represented rentals payable by the company for the property used by Ultimate Pet Partners Limited and fellow group undertakings. The rent payable is allocated between group companies based on the floor space utilised and this is what is shown in the relevant company's profit and loss account.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	-	840,000
Between two and five years	-	3,360,000
In over five years	-	1,400,000
	<u>-</u>	<u>5,600,000</u>

22 Related party transactions**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	Office rent paid		Property management services	
	2019 £	2018 £	2019 £	2018 £
Under common control	<u>78,750</u>	<u>135,000</u>	<u>95,436</u>	<u>87,658</u>

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts owed to related parties		
Under common control	<u>-</u>	<u>111,221</u>

The balance disclosed is interest free and payable on demand.

The company is a wholly owned subsidiary of Markerstudy Holdings Limited and as such has taken advantage of the exemption permitted by FRS102 Section 33 Related Party Disclosures, not to provide disclosures of transactions entered into with other wholly owned members of the group.

ULTIMATE PET PARTNERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23 Ultimate controlling party

The immediate parent company is Ultimate HC Ltd, a company registered in England and Wales. The ultimate parent company is Markerstudy Holdings Limited, a company registered in Gibraltar. Copies of the ultimate parent company's consolidated financial statements may be obtained from 846-848 Europort, Gibraltar. Markerstudy Holdings Limited is controlled by K R Spencer, a director of the company.

The largest and smallest group including the results of the company in its consolidation is Markerstudy Holdings Limited.