Registered No. 2208249

FAMILY EQUITY PLAN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2007

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31st December 2007

Review of business

The Company's principal activity during the year was the management of Child's Trust Funds, Personal Equity Plans and Individual Savings Accounts

The Company is regulated by the Financial Services Authority

The company intends to enter into a significant contract in 2008 to administer ISA's on a third party administration basis Included within the costs for the current year is £474,670 for the development of the company's systems and infrastructure for this contract

At a Board of Directors' meeting held on 24th July 2007 it was recommended that Family Equity Plan Limited change its auditors from Pricewaterhouse Coopers LLP to Mazars LLP with immediate effect

Results and dividends

The loss for the year was £1,862,008 (2006 loss £994,912) The Directors do not recommend the payment of a dividend in 2007 (2006 nil)

This loss was anticipated and arises as a result of the costs associated with the Group's entry into the Child Trust Fund market, and does not affect the Company status as a going concern

Directors

The Directors of the Company for the financial year ended 31st December 2007 are listed below

J R Reeve	Chairman & Chief Executive
K Meeres	Company Secretary
J Adams	Director

No Director had any interest in the shares of the Company at 31st December 2007

Elective resolutions

There are elective resolutions in force to dispense with

a) the laying of accounts and reports before the Company in general meeting,

b) the holding of Annual General Meetings, and

c) the obligation to appoint auditors annually

DIRECTORS' REPORT
CONTINUED

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which 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 those financial statements, the Directors are required to

* select suitable accounting policies and then apply them consistently,
* make judgments and estimates that are reasonable and prudent,
* state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

By order of the Board

K Meeres
Secretary

Date 12th March 2008

16 West Street
Brighton
East Sussex
BN1 2RE

Independent auditors' report to the members of Family Equity Plan Limited

We have audited the financial statements of Family Equity Plan Limited for the year ended 31st December 2007 which comprise the Profit and Loss account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the companies Act 1985 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective Responsibilities of Directors and Auditors
As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement

Basis of Audit Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

* the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2007 and of it profits for the year then ended,

* the financial statements have been properly prepared in accordance with the Companies Act 1985, and

* the information given in the Directors' Report is consistent with the financial statements

Mazars LLP

Mazars LLP
Chartered Accountants and Registered Auditors
London

Date 12th March 2008

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2007

	Notes	2007 £	2006 £
Continuing operations			
Turnover	2	3,587,790	2,608,240
Cost of sales		(513,518)	(251,657)
Gross profit		3,074,272	2,356,583
Administrative expenses		(5,279,461)	(3,603,255)
(Loss) on ordinary activities before interest and taxation		(2,205,189)	(1,246,672)
Interest received		343,427	251,768
Interest payable and similar charges	3	(246)	(8)
(Loss) on ordinary activities before taxation	4	(1,862,008)	(994,912)
Tax on ordinary activities	5	-	-
Retained (loss) for the year	11, 12	(1,862,008)	(994,912)

The Company has no recognised gains and losses other than those included in the movements on the Profit and Loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents

The notes on pages 6 to 9 form part of these accounts

BALANCE SHEET

AS AT 31ST DECEMBER 2007

	Notes	2007 £	2006 £
CURRENT ASSETS			
Debtors	8	80,694	145,603
Cash at bank		4,718,295	6,203,376
		4,798,989	6,348,979
CREDITORS			
Amounts falling due within one year	9	(495,820)	(183,802)
TOTAL ASSETS LESS CURRENT LIABILITIES (Net Current Assets)		4,303,169	6,165,177
CAPITAL AND RESERVES			
Called up share capital	10	9,465,000	9,465,000
Profit and loss account	11	(5,161,831)	(3,299,823)
Equity shareholders' funds	12	4,303,169	6,165,177

The financial statements on pages 4 to 9 were approved by the Board of Directors on 12th March 2008 and signed on their behalf by

J Adams
Director

K Meeres
Secretary

The notes on pages 6 to 8 form part of these accounts

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

a) The Financial Statements have been prepared in accordance with Companies Act 1985 and applicable Accounting Standards issued in the United Kingdom The Financial Statements have been prepared under the historical cost convention

b) The Company has taken advantage of the exemption permitted by the FRS 1 (Revised) 'Cash Flow Statements' and has elected not to prepare the Cash Flow statement

c) The Company's significant accounting policies are detailed below and have been applied consistently

2 TURNOVER

All turnover comprises fees and commissions derived from the Management of Personal Equity Plans, Individual Savings Accounts and Child Trust Funds in the United Kingdom and is stated exclusive of VAT

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
On bank overdrafts	246	8

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007 £	2006 £
Loss on ordinary activities before taxation is stated after charging Auditors' remuneration for		
Audit services	10,575	16,200

5. TAXATION

a) Analysis of charge in period

	2007 £	2006 £
Current Tax		
UK corporation tax on (loss)/profit of the period	-	-
Current tax charge for the period (note 5 (b))	-	-
Tax on (loss)/profit on ordinary activities	-	-

NOTES TO THE ACCOUNTS
(Continued)

b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	(1,862,008)	(994,912)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(558,602)	(298,474)
Effects of		
Utilisation of tax losses		
Losses Surrendered as group relief	112,734	79,757
Losses Carried Forward to be utilised against future trading profits	445,868	218,717
Current tax charge for period (note 5 (a))	-	-

c) Factors that may affect future tax charges

The Company has trading losses carried forward for tax purposes of approximately £4 3 million available for offset against future trading profits The directors do not consider it prudent to recognise a deferred tax asset The amount of unprovided deferred tax asset is estimated to be approximately £1 29 million

6. DIRECTORS' EMOLUMENTS

The current Directors received no emoluments during the year in respect of their services since they are remunerated as employees of the Company's parent (2006 nil)

7. EMPLOYEES

There are no employees directly employed by the Company (2006 nil) A service charge payable by the Company to the parent includes a portion for salary and staff related costs

8. DEBTORS

	2007 £	2006 £
Amounts falling due within one year		
Trade Debtors	80,694	140,143
Prepayments	-	5,460
	80,694	145,603

NOTES TO THE ACCOUNTS
(Continued)

9. CREDITORS

	2007	2006
	£	£
Amounts falling due within one year:		
Amounts due to group undertakings - Parent company	280,399	132,489
Accruals and deferred income	95,298	45,684
Other creditors	5,138	5,629
Commission due - *see comment below*	114,985	-
	495,820	183,802

Commission due
The company has a non contingent liability to pay Barclays Bank PLC £2 3m by 31/10/2011 The amount is payable monthly over 5 years at the rate of £13 for every new CTF plan introduced to the company that month with any remaining balance falling due on 31/10/2011 The company accrues for the liability on a straight line basis at £13 per month As at 31 December 2007 the total liability remaining payable amounted to £538,200 of which £114,985 had already been accrued

10. SHARE CAPITAL

	2007	2006
	£	£
Authorised -		
25,000,000, £1 ordinary shares	25,000,000	25,000,000
Allotted, called up and fully paid £ ordinary shares -		
Issued as at 1 January	9,465,000	4,465,000
Issue of shares at par on 8th May 2006	-	5,000,000
	9,465,000	9,465,000

11. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
Balance at 1st January	(3,299,823)	(2,304,911)
Loss for the year	(1,862,008)	(994,912)
Balance at 31st December	(5,161,831)	(3,299,823)

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Opening shareholders' funds	6,165,177	2,160,089)
Loss for the year	(1,862,008)	(994,912)
Issue of Share Capital	-	5,000,000
Closing shareholders' funds	4,303,169	6,165,177

NOTES TO THE ACCOUNTS
(Continued)

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of an exemption from FRS8 not to disclose transactions with Family Assurance Friendly Society Limited's group undertakings Balances with Family Assurance Friendly Society Limited's group undertakings are shown in note 9

The Directors of Family Equity Plan Limited and its key management had no material transactions with the Company during 2007

14 ULTIMATE PARENT

The immediate and ultimate parent company is Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales in accordance with the Friendly Societies Act 1992 Copies of the ultimate parent's consolidated financial statements may be obtained from

The Secretary
Family Assurance Friendly Society Limited
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