

Registered No 2208249

FAMILY EQUITY PLAN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st DECEMBER 2009



DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements for the year ended 31st December 2009

Review of business

The Company is regulated by the Financial Services Authority

The Company's principal activity during the year was the management of Child Trust Funds and Individual Savings Accounts. Family Equity Plan continued to administer Cash and Equity ISAs distributed by the Post Office ®

During 2009 the Company took on two books of CTF business, one from each of Santander and Liverpool Victoria. On 13th March 2009 Liverpool Victoria transferred their CTF book to Family Equity Plan Ltd. On 13th November Santander transferred its CTF book to Family Equity Plan Ltd.

To support the expansion of the Company's activities the Company issued a further 3m shares at par of £1 each on 29/04/09.

Results and dividends

The loss for the year was £4,003,112 (2008 loss £6,469,478). The Directors do not recommend the payment of a dividend in 2009 (2008 nil).

This loss was anticipated and arises as a result of the costs associated with the Company's investment in expanding its CTF and ISA activities.

Directors

The Directors of the Company for the financial year ended 31st December 2009 are listed below:

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

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 26th March 2010

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 2009 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Standards Board's (APB's) Ethical Standards for Auditors. This report, including our opinion, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion the financial statements

- * give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its 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

Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)
Raymond Tidbury (Senior statutory auditor)
Tower Bridge House, St Katharine's Way, London E1W 1DD

Date 26th March 2010

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Notes	2009 £	2008 £
Continuing operations			
Turnover	2	6,504,261	4,217,503
Cost of sales		(924,216)	(774,483)
Gross profit		<u>5,580,045</u>	<u>3,443,020</u>
Expenses	3	(9,400,547)	(10,142,768)
Loss on ordinary activities before interest and taxation		<u>(3,820,502)</u>	<u>(6,699,748)</u>
Interest received		62,821	232,575
Interest payable and similar charges		(5,317)	(2,305)
Exceptional Items		(240,114)	-
Loss on ordinary activities before taxation	4	<u>(4,003,112)</u>	<u>(6,469,478)</u>
Tax on ordinary activities	5	-	-
Retained loss for the year	11, 12	<u><u>(4,003,112)</u></u>	<u><u>(6,469,478)</u></u>

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 2009**

	Notes	2009 £	2008 £
CURRENT ASSETS			
Debtors	8	595,936	603,829
Cash at bank		2,809,887	4,171,837
		<u>3,405,823</u>	<u>4,775,666</u>
CREDITORS			
Amounts falling due within one year	9	(493,394)	(941,975)
Amounts falling due after more than one year	9	(81,850)	-
		<u></u>	<u></u>
TOTAL ASSETS LESS CURRENT LIABILITIES (Net Current Assets)		<u><u>2,830,579</u></u>	<u><u>3,833,691</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	18,465,000	15,465,000
Profit and loss account	11	(15,634,421)	(11,631,309)
		<u></u>	<u></u>
Equity shareholders' funds	12	<u><u>2,830,579</u></u>	<u><u>3,833,691</u></u>

The financial statements on pages 4 to 9 were approved by the Board of Directors on 26th March 2010 and signed on their behalf by

J Adams
Director



K Meeres
Secretary



The notes on pages 6 to 9 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 Individual Savings Accounts and Child Trust Funds in the United Kingdom and is stated exclusive of VAT.

The Company has a commitment to pay interest on the Cash ISA and CTF policies that it administers. The amount of interest payable on Cash ISA policies is wholly matched by a contractual obligation from the Bank of Ireland (the deposit taker) to pay an equal amount of interest to the Company. The amount of interest received and paid on these two types of policy is set out below.

	CTF	ISA	TOTAL
Interest Received	162,630	4,249,937	4,412,567
Interest Paid	(81,544)	(4,249,937)	(4,331,481)
Margin	81,086	-	81,086

3. EXPENSES

	2009 £	2008 £
Administration	7,180,422	5,429,914
Acquisition	953,929	210,882
Development	1,266,196	4,501,972
	<u>9,400,547</u>	<u>10,142,768</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging Auditors' remuneration for Audit services.

	2009 £	2008 £
	<u>19,600</u>	<u>34,400</u>

5. TAXATION

a) Analysis of charge in period

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

	2009 £	2008 £
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS (Continued)

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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 (28%)

The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before tax	(4,003,112)	(6,469,478)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 28.5%)	(1,120,871)	(1,843,801)
<i>Effects of</i>		
Utilisation of tax losses		
Losses Surrendered as group relief	32,071	117,767
Expenses not deducted for tax purposes	32,770	-
Losses Carried Forward to be utilised against future trading profits	1,056,030	1,823,076
<i>Current tax charge for period (note 5 (a))</i>	-	-

c) Factors that may affect future tax charges

The Company has trading losses carried forward for tax purposes of approximately £14.1 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 £4 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 (2008 nil).

7 EMPLOYEES

There are no employees directly employed by the Company (2008 nil). A service charge payable by the Company to the parent includes a portion for salary and staff related costs.

8 DEBTORS

	2009 £	2008 £
Amounts falling due within one year.		
Fellow Subsidiaries	12,457	-
Trade Debtors	573,157	595,770
Other Debtors	10,322	8,059
	<u>595,936</u>	<u>603,829</u>

NOTES TO THE ACCOUNTS (Continued)

9	CREDITORS	2009	2008
		£	£
	Amounts falling due within one year.		
	Amounts due to group undertakings		
	- Parent Company	315,693	402,728
	- Fellow Subsidiaries	-	5,499
	Bank Overdrafts	86,366	418,213
	Accruals and deferred income	3,086	2,485
	Other creditors	3,779	5,061
	Commission due - <i>see comment below</i>	84,470	107,989
		<u>493,394</u>	<u>941,975</u>
	<u>Commission due</u>		
	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 £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 £38,300 per month		
	Amounts falling due after one year		
	Accruals - Bounty Balloon Payment	<u>81,850</u>	<u>-</u>
10	SHARE CAPITAL	2009	2008
		£	£
	Authorised -		
	25,000,000, £1 ordinary shares	<u>25,000,000</u>	<u>25,000,000</u>
	Allotted, called up and fully paid £ ordinary shares -		
	Issued as at 1 January	15,465,000	9,465,000
	Issue of Shares at par on 29th April 2009	3,000,000	6,000,000
		<u>18,465,000</u>	<u>15,465,000</u>
11	PROFIT AND LOSS ACCOUNT	2009	2008
		£	£
	Balance at 1st January	(11,631,309)	(5,161,831)
	Loss for the year	(4,003,112)	(6,469,478)
	Balance at 31st December	<u>(15,634,421)</u>	<u>(11,631,309)</u>
12	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
		£	£
	Opening shareholders' funds	3,833,691	4,303,169
	Loss for the year	(4,003,112)	(6,469,478)
	Issue of Share Capital (see note 10)	3,000,000	6,000,000
	Closing shareholders' funds	<u>2,830,579</u>	<u>3,833,691</u>

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 notes 8 and 9.

The Directors of Family Equity Plan Limited and its key management had no material transactions with the Company during 2009.

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
16-17 West Street
Brighton
East Sussex
BN1 2RL