Company Registration No. 4785816

LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

Report and Financial Statements

30 September 2009

Deloitte LLP
Leeds

LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

CONTENTS

LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S H Hudson
P W Lane
G S Clarkson
G Eleftheriou
M D McGaughrin
K D Richards
M O Youngman

SECRETARY

G S Clarkson

REGISTERED OFFICE

Network House
Lister Hill
Horsforth
Leeds
LS18 5AZ

BANKERS

Barclays Bank PLC
Barclays Business Centre
P O Box 100
Leeds
LS1 1PA

SOLICITORS

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds
LS1 2AL

LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Tenet Limited

The company's principal activities are that of the management of a network of mortgage and general insurance brokers regulated by the Financial Services Authority There have not been any significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

As shown in the company's income statement on page 7 the company's sales have declined by 13% over the prior year whilst operating expenses have increased in same period by 33%. This resulted in a pre-tax loss of £408,308 compared to a prior year profit of £179,734 The company was successful in increasing the number of mortgage brokers operating through its network but their activity rates generally declined reflecting market conditions in the mortgage sector

The balance sheet on page 8 shows that the net asset position at the year end reduced by 5% despite a capital injection of £200,000 from Tenet Limited The year end net assets include a significant increase in the claims payable provision and corresponding recoverable debtor from PII Cash and cash equivalents have reduced year on year, partly as a result of the operating loss, but also as a result of the company transferring funds to The M&E Network Limited, another group company, to place on treasury deposit in order to achieve greater returns. Details of amounts owed to and by Tenet Group Limited and its subsidiaries (together "the Group") are shown in Notes 11 and 12

Note 2 includes details of key assumptions used in the preparation of the company's financial statements Note 3 details the principal risks and uncertainties facing the company There have been no significant events since the balance sheet date

The company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

The directors are satisfied with the results for the year and believe that they reflect market conditions for the year The general level of performance is expected to be improved in the forthcoming year

RESULTS AND PROPOSED DIVIDENDS

The results for the year are dealt with in the income statement on page 7

The directors do not recommend a dividend (2008 £nil)

ENVIRONMENT

The company operates in accordance with the policies of the Group, which are described in the Group's Annual Report which does not form part of this report

DIRECTORS' INDEMNITIES

As at the date of this report, it is not Group policy to provide the directors of Group companies with indemnities except as disclosed in the financial statements of Tenet Group Limited

DIRECTORS

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

S H Hudson
P W Lane
G S Clarkson
G Eleftheriou – appointed 18 December 2008
M D McGaughrin
K D Richards
M O Youngman
J E A Tobbell – resigned 15 December 2008

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Financial Reporting Council issued a guidance note in November 2008 requiring all companies to provide fuller disclosures regarding directors' assessment of going concern The Group strongly agrees with the need for this clarity in an entity's Report & Financial Statements, especially one operating in the financial services sector As such an extended going concern statement has been prepared for the first time in the current year

As highlighted in the Group's Annual Report, the current economic conditions create uncertainty in respect of the level of demand for financial services products However, the company's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in trading performance, show that the company should be able to operate successfully In some scenarios additional capital may be required from the parent company, which is expected to be made available The strength of the ultimate parent company, Tenet Group Limited, is discussed in the Group's Annual Report As a consequence, the directors believe that the company is well placed to manage its business risks successfully in the present challenging economic environment

As highlighted in Note 20, the company meets its day to day working capital requirements through its own cash resources and has the ability to seek additional capital from its parent company if required It has long established relationships with a large number of advisers, product providers and suppliers across a diverse geographical area within the U K, with no significant credit risk exposure to any single counterparty The company also enjoys the continuing support of its ultimate parent undertaking

As stated in Note 2, taking these factors into account, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

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

Approved by the Board of Directors
and signed on behalf of the Board

P W Lane
Director

23rd December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

We have audited the financial statements of Lifetime Insurance Mortgage Experts Limited for the year ended 30 September 2009 which comprise the income statement, the balance sheet, the cash flow statement, and the related Notes 1 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to 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 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 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 Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED (CONTINUED)

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

Stephen Williams

Senior Statutory Auditor

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Leeds

United Kingdom

23rd December 2009

LIFETIME INSURANCE MORTGAGE EXPERTS LIMITED

INCOME STATEMENT
Year ended 30 September 2009

	Note	Year ended 30 September 2009 £	Year ended 30 September 2008 £
REVENUE	2	8,306,246	9,562,781
Cost of sales		(6,714,102)	(7,948,091)
Gross profit		1,592,144	1,614,690
Operating expenses		(2,023,000)	(1,517,499)
OPERATING (LOSS) / PROFIT		(430,856)	97,191
Interest receivable and similar income	6	25,257	82,558
Interest payable	7	(2,709)	(15)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8	(408,308)	179,734
Tax credit/(expense)	9	176,977	(53,882)
(LOSS) / PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		(231,331)	125,852

There was no recognised income and expenditure in the current or preceding year other than the (loss)/profit for the year as shown above and consequently no statement of recognised income and expenditure has been presented

All amounts relate to continuing operations

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
At 30 September 2009

	Note	30 September 2009 £	30 September 2008 £
CURRENT ASSETS			
Trade and other receivables	11	2,717,089	1,082,601
Cash and cash equivalents		143,989	1,423,610
		2,861,078	2,506,211
CURRENT LIABILITIES			
Trade and other payables	12	(1,038,425)	(1,247,353)
NET CURRENT ASSETS		1,822,653	1,258,858
NON-CURRENT LIABILITIES			
Provision for liabilities	13	(1,276,766)	(681,640)
NET ASSETS		545,887	577,218
EQUITY			
Equity shareholder's funds			
Called-up share capital	14	325,000	125,000
Retained earnings	15	220,887	452,218
TOTAL EQUITY	16	545,887	577,218

These financial statements were approved by the Board of Directors on 23rd December 2009

Signed on behalf of the Board of Directors

P W Lane
Director

Company Registration Number 4785816

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT
For the year ended 30 September 2009

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Cash flows from operating activities		
(Loss)/profit on ordinary activities after taxation for the financial year	(231,331)	125,852
Adjustments for		
Tax (credit)/expense	(176,977)	53,882
Increase in provisions for liabilities	595,126	9,413
Interest receivable	(25,257)	(82,558)
Interest payable	2,709	15
Operating cash flows before movements in working capital	164,270	106,604
(Increase)/decrease in trade and other receivables	(1,523,122)	142,987
Decrease in trade and other payables	(203,758)	(893,464)
Cash used in operations	(1,562,610)	(643,873)
Interest paid	(2,709)	(15)
Tax received / (paid)	129,665	(43,730)
Net cash used in operating activities	(1,435,654)	(687,618)
Investing activities		
Interest received	25,257	82,558
Cash advances and loans made to other parties	(73,230)	-
Repayment of advances and loans made to other parties	4,006	-
Net cash (used in)/generated by investing activities	(43,967)	82,558
Financing activities		
Issue new shares	200,000	-
Dividends paid	-	(450,000)
Net cash generated by/(used in) financing activities	200,000	(450,000)
Net decrease in cash and cash equivalents	(1,279,621)	(1,055,060)
Cash and cash equivalents at beginning of financial year	1,423,610	2,478,670
Cash and cash equivalents at end of financial year	143,989	1,423,610

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

1 GENERAL INFORMATION

Lifetime Insurance Mortgage Experts Limited is a company incorporated in England and Wales under the Companies Act 2006 The address of the registered office is given on page 1 The nature of the company's operations and its principal activities are set out in the Directors' Report on page 2

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IAS 1	*Amendments to IAS 1 – Presentation of Financial Statements, A Revised Presentation*
IAS 16	*Amendment to IAS 16 – Property, Plant and Equipment*
IAS 19	*Amendment to IAS 19 – Employee Benefits*
IAS 27	*Amendments to IAS 27 – Consolidated and Separate Financial Statements*
IAS 36	*Amendment to IAS 36 – Impairment of Assets*
IAS 38	*Amendments to IAS 38 – Intangible Assets*
IAS 39	*Amendments to IAS 39 – Financial Instrument Recognition & Measurement*
IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRS 2	*Amendment to IFRS 2 – Share Based Payments, Vesting Conditions and Cancellations*
IFRS 3	*Business Combinations, revised*
IFRS 7	*Amendments to IFRS 7 – Financial Instrument Disclosures*
IFRS 8	*Operating Segments*

The company has not elected to adopt these changes early in these financial statements The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company

2 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as applicable to unlisted entities The financial statements have also been prepared in accordance with IFRSs adopted by the European Union, and therefore the company financial statements comply with Article 4 of the EU IAS Regulation

Results for the comparative year have been prepared on the same basis as the 2009 results

As stated in the Directors' Report, after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue trading successfully and fully comply with its regulatory requirements for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements

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

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the effect is material Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition where the effect is material

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

2 ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity

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

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method where the effect is material

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that the company will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material

The two most significant provisions are

Commission clawback

The company makes a provision in respect of commissions received on "indemnity" terms whereby commission amounts are repayable if policies are cancelled subsequent to their sale This provision is estimated based on historic data

All commission amounts clawed back in respect of such cancelled policies are recharged in their entirety to the relevant Appointed Representatives Where the collection of such receivables is doubtful, the company makes an appropriate provision (see Notes 11 and 13)

Claims payable

In the normal course of business the company receives queries and complaints regarding the sale of regulated financial products Where appropriate these are investigated in accordance with the company's procedures In some instances compensation may be payable Based upon the experience of the company, an estimate of total compensation which may become payable is calculated These amounts, if they become payable, will usually be recovered from either Professional Indemnity insurers and/or the Appointed Representative responsible for giving the advice about which the complaint was made (see Notes 11 and 13) Where the collection of such receivables is doubtful, the company makes an appropriate provision

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents commissions receivable, other amounts receivable from product providers and sales of services provided in the normal course of business, net of discounts, VAT and other sales related taxes All revenue arises in the United Kingdom Initial commissions are accounted for when policies are accepted by the product providers, or mortgages complete, whilst renewal commissions are accounted for when received Related amounts of commission due to the company's agents (Appointed Representatives) are included in cost of sales and trade creditors

Due to the nature of the company's business, it is not possible to precisely determine at the date of the accounts which policies have been accepted by the product providers or mortgages completed where commissions have not yet been received by these companies As a consequence, an estimate of the amounts owed by product providers is included in the financial statements This estimate is based upon historic data regarding the value of policies submitted to the product providers and deemed to be on risk for which commission has been received over the preceding two-year period up to 30 September annually The directors review the basis of this estimate to ensure the adequacy of these calculations

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

2 ACCOUNTING POLICIES (CONTINUED)

Taxation

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

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses 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, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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 to the income statement, 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 is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Unless the effect of discounting is material, deferred tax is measured on a non-discounted basis

Pension costs

The company contributes to a defined contribution pension scheme administered by another Group company The amount charged to the income statement relate to the contributions payable in the year Differences arising between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

3 PRINCIPAL RISKS AND UNCERTAINTIES

The business is active in the sale of regulated financial products and advises customers as to their appropriateness As a consequence, the company's activities are regulated which gives rise to a number of risks, including censure by the Financial Services Authority ("FSA") Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 2, 11 and 13) and fines imposed by the FSA for regulatory breaches The company operates a strict compliance regime, including regular audits of its Appointed Representatives, to mitigate such risks and has arranged Professional Indemnity insurance which conforms to the requirements of the FSA

The business receives commission for the sale of financial products from life companies and mortgage lenders Some commission payments are received on an "indemnity" basis and may become repayable in the event that a policy is cancelled subsequent to its sale Where such clawbacks of commission occur, the company typically recharges such amounts to the relevant Appointed Representative (see Notes 2, 11 and 13) As a consequence, to mitigate the risk of accepting commission on an indemnity basis, the company monitors such activity and the ability of its Appointed Representatives to service their clawback liabilities to the company

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

3 PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Competitive pressure is a continuing risk for the company, which could result in it losing sales to its key competitors The company manages this risk by providing added value services to its Authorised Representatives, having fast response times not only in supplying products and services but in handling all Authorised Representatives queries and by maintaining strong relationships with its Authorised Representatives

Group risks are discussed in the ultimate parent undertaking's annual report which does not form part of this report

4 CRITICAL ACCOUNTING ESTIMATES

IFRSs require critical accounting estimates to be identified Within these financial statements the following fall under this category

- Revenue recognition including calculation of commissions owed by debtors – see Note 2,
- Provisions for commission clawback – see Notes 2, 11 and 13, and
- Provisions for claims payable – see Notes 2, 11 and 13

In relation to these items, whilst the estimates are critical, there is both a liability and trade recoverable such that the net exposure is mitigated and not significant

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All staff utilised by the company in the delivery of its services are employed by Tenet Group Limited Tenet Business Solutions Limited is responsible for the payment of the remuneration of all Tenet Group Limited employees, including the directors of the company, and it receives recompense from the company in respect of this service through management recharges which are allocated on a time incurred basis The amounts recharged to other Group companies in respect of directors are included in the accounts of each group company and the total emoluments of all Group directors are included in the consolidated accounts of Tenet Group Limited

The amounts disclosed below relate to amounts recharged to the company by Tenet Business Solutions Limited in respect of the remuneration of directors and employees utilised by the company

Such recharges in respect of the directors of the company during the year were £289,564 (2008 £128,113) Additional emoluments paid to the directors of the company during the year were £nil (2008 £nil)

The remuneration of the directors was as follows

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Emoluments	258,632	114,217
Company contributions to money purchase pension schemes	30,932	13,916
	289,564	128,133

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

The number of directors who were members of pension schemes was as follows

	Year ended 30 September 2009 No.	Year ended 30 September 2008 No.
Money purchase pension schemes	5	5

	Year ended 30 September 2009 No.	Year ended 30 September 2008 No.
Average number of persons employed (including directors)		
Directors	7	6
Administration and consultancy	50	51
	57	57

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Staff costs during the year (including directors)		
Wages and salaries	1,103,741	765,350
Social security costs	94,812	79,523
Other pension costs	49,869	32,816
	1,248,422	877,689

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Bank interest	23,454	82,558
Other interest	1,803	-
	25,257	82,558

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

7 INTEREST PAYABLE

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Bank interest	13	15
Other interest	2,696	-
	2,709	15

8 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/Profit on ordinary activities before taxation is stated after charging

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Auditors' remuneration		
- fees payable to company's auditors for the audit of the company's annual accounts	11,008	24,158
Intra-Group recharges	37,339	55,946
Staff costs (Note 5)	1,248,422	877,689

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

9 TAX (CREDIT) / EXPENSE

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Analysis of charge in year at 28%		
Current tax at 28%	-	48,900
Adjustment in respect of previous periods	(36,900)	-
Surrender (loss) to group companies	(139,773)	-
Total current tax	(176,673)	48,900
Deferred tax in the Current year	(304)	4,982
Tax on (loss) / profit on ordinary activities	(176,977)	53,882
Factors affecting tax on (loss) / profit on ordinary activities in year		
(Loss)/Profit on ordinary activities before tax	(408,308)	179,734
Tax on (loss)/profit on ordinary activities at UK standard rate of 28%	(114,326)	50,326
Effects of		
Transfer pricing adjustment	(23,969)	-
Expenses not deductible for tax purposes	-	(114)
Rate difference	-	1,688
Adjustment in respect of prior periods	(38,682)	1,982
Tax on (loss) / profit on ordinary activities for year	(176,977)	53,882

The company has a deferred tax asset at 28% of £5,304 (2008 £5,000) in respect of accelerated capital allowances and complaints provision

10 DIVIDENDS

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
No dividend was paid during the year (2008 360 pence)	-	450,000

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

11 TRADE AND OTHER RECEIVABLES

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Due within one year		
Trade receivables	1,970,273	1,154,168
Allowance for doubtful debt	(184,339)	(125,454)
Amounts owed by group companies	858,768	26,259
Prepayments and accrued income	25,245	22,628
Deferred tax	5,304	5,000
Corporation tax	41,838	-
	2,717,089	1,082,601

Included in trade receivables is £564,109 (2008 £643,956) that relates to amounts recoverable in relation to commission clawbacks (see Notes 2 and 13) and £491,629 (2008 £5,617) that relates to amounts recoverable in relation to claims payable (see Notes 2 and 13)

Included within the company's trade receivable balance are debtors with a carrying amount of £nil (2008 £nil) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the directors believe that the amounts are still recoverable

The directors consider that the carrying amount of trade and other receivables approximates their fair value

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS	Year ended 30 September 2009 £	Year ended 30 September 2008 £
Opening balance	125,454	669,647
Amounts owed by debtors resulting in an increase in the provision	145,850	82,245
Amounts written off during the year	(32,423)	(607,476)
Amounts recovered during the year	(54,542)	(18,962)
Closing balance	184,339	125,454

The company reviews all trade receivables for recoverability and makes a provision for the proportion of the debt which is judged to be irrecoverable In the current year, the board have refined the basis of estimation of amounts recoverable to better reflect commercial experience in recovering such amounts owed The prior year provision has not been restated in respect of this refinement

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

12 TRADE AND OTHER PAYABLES

	30 September 2009 £	30 September 2008 £
Trade payables	1,022,150	836,258
Amounts owed to group companies	9,712	405,713
Corporation tax	-	5,170
Taxation and social security	-	212
Accruals and deferred income	6,563	-
	1,038,425	1,247,353

The directors consider that the carrying amount of trade and other payables approximates their fair value

13 PROVISION FOR LIABILITIES

	Claims payable provision £	Commission clawback provision £	Total £
At 1 October 2008	24,684	656,956	681,640
Provision utilised in the year	(12,005)	(423,022)	(435,027)
Provision released in the year	(10,000)	(91,316)	(101,316)
New provision added in the year	503,771	627,698	1,131,469
At 30 September 2009	506,450	770,316	1,276,766

Claims payable provision

The claims payable provision is in respect of amounts that may be payable to the customers of the firm following a review of the sales process of the individual cases involved These amounts, if payable, will usually be recovered from Professional Indemnity insurers less a policy excess (see Notes 2 and 11), and the policy excess is usually recovered from the Appointed Representative responsible for the individual case It is not possible to calculate accurately the amount of the opening provision utilised during the year and only net movements in the provision are reported The directors expect this provision to be utilised over the next 5 years

Commission clawback provision

The provision for commission clawback relates to commission receipts subsequently repaid should policies be cancelled after their sale. These amounts will usually be recovered from the relevant Appointed Representative (see Notes 2 and 11) The directors expect this provision to be utilised over the next 4 years In the current year, the board have refined the basis of estimation of the clawback provision to better reflect commercial experience as the company now has sufficient historic information in order to calculate this provision on the same basis as similar group companies The prior year provision has not been restated in respect of this refinement

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

14 SHARE CAPITAL

	30 September 2009 £	30 September 2008 £
Authorised		
1,000,000 (2008 1,000,000) Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called-up and fully paid		
325,000 (2008 125,000) Ordinary shares of £1 each	325,000	125,000

On 18 June 2009 the Company allotted 200,000 Ordinary shares of £1 each to Tenet Limited, fully paid in cash for a total consideration of £200,000

15 RESERVES

	Retained earnings £
Balance at beginning of financial year	452,218
Loss for the financial year	(231,331)
Balance at end of financial year	220,887

16 STATEMENT OF CHANGES IN EQUITY

	Year ended 30 September 2009 £	Year ended 30 September 2008 £
(Loss)/profit for the financial year	(231,331)	125,852
Shares issued in the financial year	200,000	-
Dividends paid (Note 10)	-	(450,000)
Net reduction in equity shareholder's funds	(31,331)	(324,148)
Opening equity shareholder's funds	577,218	901,366
Closing equity shareholder's funds	545,887	577,218

Equity comprises share capital and retained earnings

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Tenet Limited, a company incorporated in England and Wales The directors consider that Tenet Group Limited, also a company incorporated in England and Wales, is the company's ultimate parent undertaking

Tenet Group Limited is the smallest and largest group in which the results of the company are consolidated Copies of the accounts of Tenet Group Limited are available from Network House, Lister Hill, Horsforth, Leeds, LS18 5AZ

The controlling party is Tenet Group Limited and in the directors' opinion there is no ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

18 CONTINGENT LIABILITY

Barclays Bank PLC holds a fixed and floating charge over all assets of the company both present and future The company has provided a joint and several guarantee with Interdependence Limited and The M & E Network Limited to the Group's bank in respect of the Group's bank borrowings The guarantee is limited to the sum of £300,000 plus interest, charges and costs incurred by Barclays Bank PLC in the recovery of such guaranteed amounts

19 TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the year other than movements in balances between the company and Tenet Group Limited and/or its wholly owned subsidiaries as follows

Transactions with Tenet Group Limited ("ultimate parent")	**Year ended 30 September 2009 £**	**Year ended 30 September 2008 £**
Net amounts owed to ultimate parent at start of financial year	-	-
Receipts from ultimate parent	-	(102,200)
Payments to ultimate parent	-	102,200
Net amounts owed to ultimate parent at end of financial year	-	-

Transactions with subsidiaries of Tenet Group Limited ("Group Companies")	**Year ended 30 September 2009 £**	**Year ended 30 September 2008 £**
Net amounts owed to Group Companies at start of financial year	(379,454)	(1,142,277)
Receipts from Group Companies	(11,800,240)	(11,490,157)
Payments to Group Companies	13,028,750	12,252,980
Net amounts owed by/(to) Group Companies at end of financial year	849,056	(379,454)

Transactions with key management personnel are administered by another group company (see Note 5)

20 FINANCIAL INSTRUMENTS

Capital Risk Management

The board reviews the company's capital position on a monthly basis taking into account the regulatory and operational requirements of the company Based on this review, the board balances its capital structure through the payment of dividends to or a request for funding from its parent company

The Financial Services Authority ("FSA") directly regulates the company and receives information in respect of its financial resources on a quarterly basis The management of the capital of the company is closely monitored to ensure compliance with the requirements of the capital and expenditure based tests of the FSA

The Group's capital strategy remains unchanged from 2008.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

20 FINANCIAL INSTRUMENTS (CONTINUED)

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements

The company's financial instruments are categorised in the table below

	30 September 2009 £	30 September 2008 £
Financial Assets		
Cash	143,989	1,423,610
Loans and receivables from group companies	858,768	26,259
Loans and receivables from trade customers	914,535	504,595
	1,917,292	1,954,464
Financial Liabilities		
Loans and amounts owed to group companies	9,712	405,713
Amounts owed to trade customers	1,022,150	836,258
	1,031,862	1,241,971

Credit Risk

Credit risk is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion The company's credit risk is primarily attributable to trade receivables and other debtors from its Appointed Representatives The Group's credit control function continually reviews outstanding client balances for recoverability and reports on these to management These balances are then impaired where management's opinion is that the balance is not fully recoverable Credit risk is mitigated by the fact that amounts owed by Appointed Representatives can be offset against amounts owed to the Appointed Representatives and company policy is to deal only with creditworthy counterparties Trade receivables and other debtors from Appointed Representatives consist of a large number of customers and are spread across a diverse geographical area within the U K The company does not have any significant credit risk exposure to any single counterparty

The credit risk on receivables due from product providers is limited due to the FSA requirements on these companies to maintain a sufficient level of capital to meet their current liabilities These receivables are due from a large number of product providers and are payable to the company within one month of the obligation arising

The balances due from trade customers are comprised of trade receivables and other debtors, less the amounts recoverable in relation to commission clawbacks and claims payable (see Notes 2 and 12) The company holds no collateral over these balances

Credit risk on cash balances is managed through the lodgement of such balances through a number of financial institutions A significant proportion of the loans and receivables from group companies relate to cash balances transferred to another group company to place on treasury deposit, so as to obtain greater returns on such deposits Credit risk on this balance is managed in this other group company in the same way as cash balances are in the company

The maximum company exposure to credit risk at the reporting date was £1,917,292 (2008 £1,954,464) These balances are comprised of all financial assets

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2009

20 FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risk is the risk that arises from adverse movements in equity, bond, interest rate, foreign exchange or other traded markets The company's exposure to market risk arises solely in relation to interest rate fluctuations on the returns from its capital which is not hedged and a number of loans made to Appointed Representatives Group treasury policy is to maximise credit interest whilst maintaining sufficient liquidity within each group company in order to meet operational and regulatory requirements

The interest rate sensitivity analysis below is based upon reasonably possible changes in interest rate scenarios At the reporting date a 0 50% increase or decrease in interest rates compared to actual rates would increase/(decrease) the annual net interest receivable by the following amounts

	30 September 2009 £	30 September 2008 £
0 50% increase	4,804	6,118
0 50% decrease	(4,804)	(6,118)

Liquidity Risk

Liquidity risk is the risk of not being able to meet liabilities as they fall due The company is capitalised at a level required to meet its business and regulatory needs or alternatively, where required, has borrowing facilities available from its parent company Responsibility for liquidity risk management rests with the company's board which receives information on the company's short term requirements on a weekly basis, and medium to long term requirements on a monthly basis Cash flow monitoring and forecasting form part of the reports regularly delivered to the company's board which are also reported to the parent company board Liquidity risk on financial liabilities is mitigated by the fact that a significant proportion of the financial liabilities only become payable upon receipt of trade receivables All financial liabilities are payable within three months of the obligation arising