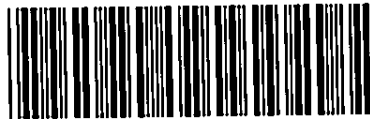


S4 FINANCIAL PLC

FINANCIAL STATEMENTS

31 JULY 2009

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S4 FINANCIAL PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

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S4 FINANCIAL PLC

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr T J McKechnie
Mr S J Vallery
Mr S A Clark
Mr R S Elder

COMPANY SECRETARY

Pennsec Limited

REGISTERED OFFICE

Da Vinci House
Basing View
Basingstoke
Hampshire
RG21 4EQ

AUDITOR

Menzies LLP
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

S4 FINANCIAL PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2009

The directors present their report and the financial statements of the company for the year ended 31 July 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of portfolio wealth managers and tax advisers.

The Directors would like to report that although the company turnover reduced by 21.26% this was largely due to an overrun on a significant project and does not accurately reflect the company activity and recent development strategies.

During the last financial period the company increased funds under management against the backdrop of global recession and asset price depreciation, this was achieved both by careful management of client portfolio's as well as new client acquisition.

S4 Financial plc has continued its investment in staff development and has built upon their accreditation of "Investors in People" and recently gained a clean bill of health from the FSA on 'Treating Customers Fairly'.

Given the straight-forward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the entity.

FUTURE DEVELOPMENTS

S4 Financial plc has not been immune to the worldwide recession and whilst this has had an impact on S4 Financial plc turnover, the Directors believe that the company has positioned itself well to return to profitability in the near future and has built a strong base on which to progress to the next level.

RESULTS AND DIVIDENDS

The loss for the year amounted to £332,080. Particulars of dividends paid are detailed in note 8 to the financial statements.

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 13 to the accounts.

S4 FINANCIAL PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2009

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 July 2009	At 1 August 2008
Mr T J McKechnie	Ordinary £1 Shares	26,001	26,001
Mr S J Vallery	Ordinary £1 Shares	26,001	26,001
Mr S A Clark	Ordinary £1 Shares	10,001	10,001
Mr R S Elder	Ordinary £1 Shares	-	-

Mr S A Clark retired as a director on 2 November 2009.

POLICY ON THE PAYMENT OF CREDITORS

The company's policy for the payment of its suppliers is to determine the payment terms in advance and, provided the supplier performs in accordance with the agreement, to abide by such terms.

Creditor days for the year ended 31 July 2009 were 21 days (2008 - 21 days).

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

S4 FINANCIAL PLC

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31 JULY 2009

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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.

In so far as the directors are aware:

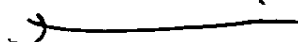
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Da Vinci House
Basing View
Basingstoke
Hampshire
RG21 4EQ

Signed on behalf of the directors



T J McKechnie
Director

Approved by the directors on 18/1/10

S4 FINANCIAL PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF S4 FINANCIAL PLC

YEAR ENDED 31 JULY 2009

We have audited the financial statements of S4 Financial plc for the year ended 31 July 2009 on pages 7 to 15. 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).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 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 31 July 2009 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.

OPINION ON OTHER MATTERS 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.

S4 FINANCIAL PLC

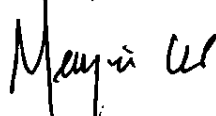
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF S4 FINANCIAL PLC

YEAR ENDED 31 JULY 2009

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.



ALAN JORDAN FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

2 January 2010

S4 FINANCIAL PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2009

	Note	2009 £	2008 £
TURNOVER	2	1,276,144	1,620,554
Administrative expenses		1,656,773	1,462,706
OPERATING (LOSS)/PROFIT	3	(380,629)	157,848
Attributable to:			
Operating (loss)/profit before exceptional items		(380,629)	307,848
Exceptional items	3	-	(150,000)
		(380,629)	157,848
Interest receivable		1,758	4,278
Interest payable and similar charges	6	77	(726)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(378,794)	161,400
Tax on (loss)/profit on ordinary activities	7	(46,714)	37,046
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(332,080)	124,354

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 10 to 15 form part of these financial statements.

S4 FINANCIAL PLC

BALANCE SHEET

31 JULY 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	9	23,608	33,756
Investments	10	12,500	12,500
		<u>36,108</u>	<u>46,256</u>
CURRENT ASSETS			
Debtors	11	659,241	453,798
Cash at bank and in hand		134,749	195,856
		<u>793,990</u>	<u>649,654</u>
CREDITORS: Amounts falling due within one year	12	<u>625,167</u>	<u>96,722</u>
NET CURRENT ASSETS		<u>168,823</u>	<u>552,932</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>204,931</u>	<u>599,188</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	58,667	58,667
Share premium account	17	271,948	271,948
Profit and loss account	18	(125,684)	268,573
SHAREHOLDERS' FUNDS	19	<u>204,931</u>	<u>599,188</u>

These financial statements were approved by the directors and authorised for issue on 18/11/12, and are signed on their behalf by:

.....
Mr T J McKechnie

.....
Mr S J Vallery

Company Registration Number: 05089919

The notes on pages 10 to 15 form part of these financial statements.

S4 FINANCIAL PLC

CASH FLOW STATEMENT

YEAR ENDED 31 JULY 2009

	Note	2009 £	£	2008 £	£
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES			(14,812)		92,005
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		1,758		4,278	
Interest element of hire purchase		77		(726)	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			1,835		3,552
TAXATION			(37,046)		(56,107)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(12,134)		(15,431)	
Receipts from sale of fixed assets		1,050		-	
Acquisition of investments		-		(12,500)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(11,084)		(27,931)
EQUITY DIVIDENDS PAID			-		(144,219)
CASH OUTFLOW BEFORE FINANCING			(61,107)		(132,700)
FINANCING					
Capital element of hire purchase		-		(2,136)	
NET CASH OUTFLOW FROM FINANCING			-		(2,136)
DECREASE IN CASH	20		(61,107)		(134,836)
RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES					
			2009		2008
			£		£
Operating (loss)/profit			(380,629)		157,848
Depreciation			22,282		31,524
Profit on disposal of fixed assets			(1,050)		-
(Increase)/decrease in debtors			(158,729)		18,631
Increase/(decrease) in creditors			503,314		(115,998)
Net cash (outflow)/inflow from operating activities			(14,812)		92,005

The notes on pages 10 to 15 form part of these financial statements.

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments and in accordance with applicable accounting standards.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for services provided during the year. Turnover is not recognised until the service has been provided to the client and a right to consideration has been established.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 3 years straight line
Leasehold Improvements	- 3 years straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	<u>1,276,144</u>	<u>1,620,554</u>

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of owned fixed assets	22,282	31,524
Profit on disposal of fixed assets	(1,050)	-
Auditor's remuneration - audit of the financial statements	6,000	5,750
Auditor's remuneration - other fees	3,725	3,725
Cost of acquiring an interest in a funded Employee Benefit Trust	-	150,000

	2009 £	2008 £
Auditor's remuneration - audit of the financial statements	6,000	5,750
Auditor's remuneration - other fees:		
- Taxation and other general services	3,725	3,725

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Number of administrative staff	18	15

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	894,169	767,432
Social security costs	110,419	103,103
Other pension costs	15,495	9,401
	1,020,083	879,936

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2009 £	2008 £
Remuneration receivable	371,665	347,527

Remuneration of highest paid director:

	2009 £	2008 £
Total remuneration (excluding pension contributions)	129,431	120,097

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Finance charges	(77)	726

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax:		
UK Corporation tax based on the results for the year at 21% (2008 - 20.33%)	(46,714)	37,046
Total current tax	<u>(46,714)</u>	<u>37,046</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2008 - 20.33%).

	2009 £	2008 £
(Loss)/profit on ordinary activities before taxation	<u>(378,794)</u>	<u>161,400</u>
(Loss)/profit on ordinary activities by rate of tax	(79,547)	32,813
Capital allowances in excess of depreciation	1,166	2,397
Expenses not deductible for tax purposes	2,813	1,836
Unrelieved tax losses	24,225	-
Adjustments to tax charge in respect of previous periods	4,629	-
Total current tax (note 7(a))	<u>(46,714)</u>	<u>37,046</u>

8. DIVIDENDS

Equity dividends

	2009 £	2008 £
Paid during the year:		
Equity dividends on ordinary shares	<u>62,177</u>	<u>144,219</u>
Proposed after the year-end (not recognised as a liability):		
Equity dividends on ordinary shares	<u>-</u>	<u>62,177</u>

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Leasehold Improvements £	Total £
COST			
At 1 August 2008	90,884	17,506	108,390
Additions	12,134	-	12,134
Disposals	(4,125)	-	(4,125)
At 31 July 2009	<u>98,893</u>	<u>17,506</u>	<u>116,399</u>
DEPRECIATION			
At 1 August 2008	58,514	16,120	74,634
Charge for the year	20,896	1,386	22,282
On disposals	(4,125)	-	(4,125)
At 31 July 2009	<u>75,285</u>	<u>17,506</u>	<u>92,791</u>
NET BOOK VALUE			
At 31 July 2009	<u>23,608</u>	<u>-</u>	<u>23,608</u>
At 31 July 2008	<u>32,370</u>	<u>1,386</u>	<u>33,756</u>

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

10. INVESTMENTS

	Investments £
COST	
At 1 August 2008 and 31 July 2009	<u>12,500</u>
NET BOOK VALUE	
At 31 July 2009 and 31 July 2008	<u>12,500</u>

11. DEBTORS

	2009 £	2008 £
Trade debtors	449,019	318,104
Corporation tax repayable	46,714	–
Other debtors	45,213	5,801
Directors current accounts	29,233	29,233
Prepayments and accrued income	89,062	100,660
	<u>659,241</u>	<u>453,798</u>

12. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	15,024	5,897
Corporation tax	–	37,046
Other taxation and social security	69,292	40,428
Other creditors	47,830	–
Accruals and deferred income	493,021	13,351
	<u>625,167</u>	<u>96,722</u>

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

14. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>34,500</u>	<u>31,000</u>

15. RELATED PARTY TRANSACTIONS

Included in debtors at the year end is £18,762 (2008: £18,762), £10,471 (2008: £10,471) and £nil(2008: £2,000) owed by the directors T J McKechnie, S J Vallery and S A Clark respectively. These were the maximum amounts outstanding during the year.

During the year the company incurred marketing fees of £14,280 (2008: £15,260) from S McKechnie who is the wife of T J McKechnie, a director and shareholder of the company.

During the year, the company incurred fees of £31,876 (2008: £30,447) from R J Elder Associates Limited relating to the non-executive director services of R S Elder. R S Elder is a director of R J Elder Associates Limited.

The company owns 62,500 ordinary shares of 20p each in The Tanfield Food Company Ltd, a company in which the father of T J McKechnie is a director and shareholder. The shareholding represents less than 1% of that company's issued share capital. During the year, the company made sales of £10,500 to The Tanfield Food Company Ltd.

16. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
100,000 Ordinary shares of £1 each	100,000	100,000
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

Allotted and called up:

	2009		2008	
	No	£	No	£
Ordinary shares - £0.25 paid of £1 each	52,003	13,001	52,003	13,001
Ordinary shares fully paid of £1 each	45,666	45,666	45,666	45,666
	<u>97,669</u>	<u>58,667</u>	<u>97,669</u>	<u>58,667</u>

17. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

18. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	268,573	288,438
(Loss)/profit for the financial year	(332,080)	124,354
Equity dividends	(62,177)	(144,219)
Balance carried forward	<u>(125,684)</u>	<u>268,573</u>

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2009

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss)/Profit for the financial year	(332,080)	124,354
Equity dividends	(62,177)	(144,219)
Net reduction to shareholders' funds	(394,257)	(19,865)
Opening shareholders' funds	599,188	619,053
Closing shareholders' funds	<u>204,931</u>	<u>599,188</u>

20. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2009 £	2008 £
Decrease in cash in the period	(61,107)	(134,836)
Cash outflow in respect of hire purchase	<u>-</u>	<u>2,136</u>
	(61,107)	(132,700)
Change in net funds	(61,107)	(132,700)
Net funds at 1 August 2008	195,856	328,556
Net funds at 31 July 2009	<u>134,749</u>	<u>195,856</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Aug 2008 £	Cash flows £	At 31 Jul 2009 £
Net cash:			
Cash in hand and at bank	195,856	(61,107)	134,749
Debt:			
Net funds	<u>195,856</u>	<u>(61,107)</u>	<u>134,749</u>