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COMPANY REGISTRATION NUMBER 05089919

S4 FINANCIAL PLC

FINANCIAL STATEMENTS

31 JULY 2010

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S4 FINANCIAL PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

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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 (Retired 2 November 2009)
Mr R S Elder

COMPANY SECRETARY

P J E Stephenson

REGISTERED OFFICE

Hawley House
Hawley Road
Blackwater
Camberley
Surrey
GU17 9ES

AUDITOR

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

S4 FINANCIAL PLC

THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2010

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 the company returned to profit for the year ending 31st July 2010 and that trading has continued to improve following some restructuring of the business in early 2010

The company continued to increase funds under management both through investment performance and additional client take on

The company has continued to develop all of its processes in accordance with the provisions laid down by the Financial Services Authority to ensure that the company meets all of its objectives under TCF 'Treating Customers Fairly'

The company has adequate financial resources in place together with good relationships with a number of customers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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

The Directors believe that the company has positioned itself well to return continue in profitability in the forthcoming year and has built a strong base on which to progress to the next level

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £266,270. The directors have not recommended a dividend

FINANCIAL INSTRUMENTS

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

DIRECTORS

The directors who served the company during the year were as follows

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

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 2010 were 21 days (2009 - 21 days)

S4 FINANCIAL PLC

THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 JULY 2010

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

- 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

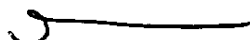
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

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

Registered office
Hawley House
Hawley Road
Blackwater
Camberley
Surrey
GU17 9ES

Signed on behalf of the directors



T J McKechnie
Director

Approved by the directors on 28/01/11

S4 FINANCIAL PLC

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

YEAR ENDED 31 JULY 2010

We have audited the financial statements of S4 Financial plc for the year ended 31 July 2010 on pages 5 to 13. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 page 3, 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 2010 and of its profit 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.

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.

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

Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

28/11/2011

S4 FINANCIAL PLC

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2010

	Note	2010 £	2009 £
TURNOVER	2	1,935,595	1,276,144
Administrative expenses		<u>1,622,481</u>	<u>1,656,773</u>
OPERATING PROFIT/(LOSS)	3	313,114	(380,629)
Interest receivable		–	1,758
Interest payable and similar charges	6	<u>(5,129)</u>	<u>77</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		307,985	(378,794)
Tax on profit/(loss) on ordinary activities	7	<u>41,715</u>	<u>(46,714)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>266,270</u>	<u>(332,080)</u>

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 8 to 13 form part of these financial statements.

S4 FINANCIAL PLC

BALANCE SHEET

31 JULY 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	9	13,548	23,608
Investments	10	22,500	12,500
		<u>36,048</u>	<u>36,108</u>
CURRENT ASSETS			
Debtors	11	514,673	659,241
Cash at bank and in hand		252,807	134,749
		<u>767,480</u>	<u>793,990</u>
CREDITORS: Amounts falling due within one year	12	<u>332,327</u>	<u>625,167</u>
NET CURRENT ASSETS		435,153	168,823
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>471,201</u>	<u>204,931</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	140,586	(125,684)
SHAREHOLDERS' FUNDS	19	<u>471,201</u>	<u>204,931</u>

These financial statements were approved by the directors and authorised for issue on 28/1/2011, and are signed on their behalf by


Mr T J McKechnie


Mr S J Vallery

Company Registration Number 05089919

The notes on pages 8 to 13 form part of these financial statements.

S4 FINANCIAL PLC

CASH FLOW STATEMENT

YEAR ENDED 31 JULY 2010

	Note	2010 £	2009 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		97,031	(14,812)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		-	1,758
Interest paid		(5,129)	-
Interest element of hire purchase		-	77
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(5,129)	1,835
TAXATION		43,950	(37,046)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(7,794)	(12,134)
Receipts from sale of fixed assets		-	1,050
Acquisition of investments		(10,000)	-
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(17,794)	(11,084)
INCREASE/(DECREASE) IN CASH	20	118,058	(61,107)
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
		2010 £	2009 £
Operating profit/(loss)		313,114	(380,629)
Depreciation		16,497	22,282
Loss/(Profit) on disposal of fixed assets		1,357	(1,050)
Decrease/(increase) in debtors		97,854	(158,729)
(Decrease)/increase in creditors		(331,791)	503,314
Net cash inflow/(outflow) from operating activities		97,031	(14,812)

The notes on pages 8 to 13 form part of these financial statements.

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

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 profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	<u>1,935,595</u>	<u>1,276,144</u>

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

3. OPERATING PROFIT/(LOSS)

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

	2010 £	2009 £
Depreciation of owned fixed assets	16,497	22,282
Loss/(Profit) on disposal of fixed assets	1,357	(1,050)
Auditor's remuneration - audit of the financial statements	6,000	6,000
Auditor's remuneration - other fees	3,725	3,725
	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Auditor's remuneration - audit of the financial statements	6,000	6,000
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

	2010 No	2009 No
Number of administrative staff	14	18

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	797,234	971,769
Social security costs	91,341	110,419
Other pension costs	19,559	15,495
	<u>908,134</u>	<u>1,097,683</u>

5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2010 £	2009 £
Remuneration receivable	306,576	371,665

Remuneration of highest paid director:

	2010 £	2009 £
Total remuneration (excluding pension contributions)	130,505	129,431

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Finance charges	-	(77)
Other similar charges payable	5,129	-
	<u>5,129</u>	<u>(77)</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 21% (2009 - 21%)	41,715	(46,714)
Total current tax	<u>41,715</u>	<u>(46,714)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2009 - 21%)

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	<u>307,985</u>	<u>(378,794)</u>
Profit/(loss) on ordinary activities by rate of tax	64,677	(79,547)
Capital allowances in excess of depreciation	612	1,166
Expenses not deductible for tax purposes	468	2,813
Unrelieved tax losses	(24,042)	24,225
Adjustments to tax charge in respect of previous periods	-	4,629
Total current tax (note 7(a))	<u>41,715</u>	<u>(46,714)</u>

8. DIVIDENDS

Equity dividends

	2010 £	2009 £
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>62,177</u>

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Leasehold Improvements £	Total £
COST			
At 1 August 2009	98,893	17,506	116,399
Additions	7,794	-	7,794
Disposals	(4,155)	-	(4,155)
At 31 July 2010	<u>102,532</u>	<u>17,506</u>	<u>120,038</u>
DEPRECIATION			
At 1 August 2009	75,285	17,506	92,791
Charge for the year	16,497	-	16,497
On disposals	(2,798)	-	(2,798)
At 31 July 2010	<u>88,984</u>	<u>17,506</u>	<u>106,490</u>
NET BOOK VALUE			
At 31 July 2010	<u>13,548</u>	<u>-</u>	<u>13,548</u>
At 31 July 2009	<u>23,608</u>	<u>-</u>	<u>23,608</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

10. INVESTMENTS

	Investments £
COST	
At 1 August 2009	12,500
Additions	10,000
At 31 July 2010	<u>22,500</u>
NET BOOK VALUE	
At 31 July 2010	22,500
At 31 July 2009	<u>12,500</u>

11. DEBTORS

	2010 £	2009 £
Trade debtors	118,900	449,019
Corporation tax repayable	–	46,714
Other debtors	267,283	45,213
Directors current accounts	33,035	29,233
Prepayments and accrued income	95,455	89,062
	<u>514,673</u>	<u>659,241</u>

The debtors above include the following amounts falling due after more than one year

	2010 £	2009 £
Other debtors	<u>136,350</u>	<u>–</u>

12. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	46,519	15,024
Corporation tax	38,951	–
Other taxation and social security	22,289	69,292
Other creditors	2,061	47,830
Accruals and deferred income	222,507	493,021
	<u>332,327</u>	<u>625,167</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

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

14. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>34,500</u>	<u>34,500</u>

15. RELATED PARTY TRANSACTIONS

Included in debtors at the year end is £22,563 (2009 £18,762) owed by the director T J McKechnie. During the year he received advances of £14,302 and made loan repayments of £10,500. The maximum amount outstanding during the year was £33,063.

Included in debtors at the year end is £10,471 (2009 £10,471) owed by the director S J Vallery. This was the maximum amount outstanding during the year.

During the year the company incurred marketing fees of £12,660 (2009 £14,280) 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 £31,974 (2009 £31,876) 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 £nil (2009 £10,500) to The Tanfield Food Company Ltd.

At the year end an amount of £2,000 was due from S4 Taxation Services Limited, a company in which T J McKechnie is also a director and shareholder.

At the year end an amount of £230,000 was due from Coachman Investment Management Limited, a company incorporated in St Kitts and Nevis in which T J McKechnie is also a director.

16. SHARE CAPITAL

Authorised share capital:

	2010	2009
	£	£
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:

	2010		2009	
	No	£	No	£
52,003 Ordinary shares - £0.25 paid of £1 each	52,003	13,001	52,003	13,001
45,666 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>

S4 FINANCIAL PLC

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

17. SHARE PREMIUM ACCOUNT

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

18. PROFIT AND LOSS ACCOUNT

	2010 £	2009 £
Balance brought forward	(125,684)	268,573
Profit/(loss) for the financial year	266,270	(332,080)
Equity dividends	–	(62,177)
Balance carried forward	<u>140,586</u>	<u>(125,684)</u>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit/(Loss) for the financial year	266,270	(332,080)
Equity dividends	–	(62,177)
Net addition/(reduction) to shareholders' funds	<u>266,270</u>	<u>(394,257)</u>
Opening shareholders' funds	204,931	599,188
Closing shareholders' funds	<u>471,201</u>	<u>204,931</u>

20. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010 £	2009 £
Increase/(decrease) in cash in the period	<u>118,058</u>	<u>(61,107)</u>
	118,058	(61,107)
Change in net funds	118,058	(61,107)
Net funds at 1 August 2009	134,749	195,856
Net funds at 31 July 2010	<u>252,807</u>	<u>134,749</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Aug 2009 £	Cash flows £	At 31 Jul 2010 £
Net cash			
Cash in hand and at bank	134,749	118,058	252,807
Net funds	<u>134,749</u>	<u>118,058</u>	<u>252,807</u>