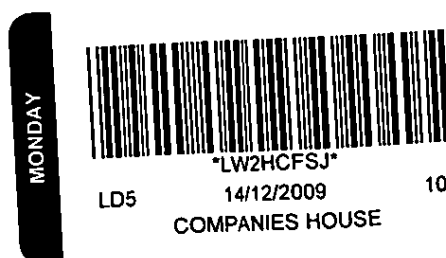


Company registration number: 02192234

OVAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2009



OVAL FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

Directors R P Hodson
S A Shaw
J N Herdman

Secretary S B Benev

Company number 02192234

Registered office 9 South Parade
Wakefield
West Yorkshire
WF1 1LR

Bankers Barclays Bank plc
2nd Floor
1 Park Row
Leeds
LS1 5WU

Solicitors Dundas & Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

Auditors Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

OVAL FINANCIAL SERVICES LIMITED

CONTENTS

	PAGE
Directors' report	1
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

OVAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2009

The directors present their report together with the audited financial statements for the year ended 31 May 2009.

Principal activities, review of business and future developments

The principal activity of the company during the year was that of life insurance, pensions, pension scheme administration and investment advisory business.

Enhanced business review

The business experienced a difficult year due to market conditions and continued restructuring. However, important changes have been implemented and the company has achieved a profit through improving quality, performance and efficiency under a more focused strategy.

The main objective throughout has been the continuance of the Oval Group focus on the provision of a market leading life insurance, pensions and investment advisory package as well as a pension administration service. Significant advances have been made in this area.

The continued restructuring of the business combined with the beneficial impact of acquisition has contributed to a profit before tax of £0.19 million, a significant improvement on the loss of £0.77 million in 2008.

Through acquisition and selective appointments the company has developed highly experienced specialist teams ensuring we can continue to offer clients specialist expertise together with the personal service that only local, well-established business can provide. Our specialist services combined with the expertise available elsewhere in the group, ensure that we can offer a comprehensive risk management solution across the Oval Group.

Financial highlights

- Profit before tax increased from a loss of £0.77 million to a profit of £0.19 million.
- Turnover decreased from £12.9 million to £12.8 million. Acquisitions during the year contributed £0.3 million to turnover.
- The average number of employees within the company has remained similar to the prior year, being 200 during the year ended 31 May 2008 and 198 this year.

Integrated operations and acquisitions

On 16 December 2008 the trade and assets of Wills & Partners LLP, based in Market Drayton, were acquired. This acquisition significantly enhances its wealth management proposition. The assets and liabilities acquired were transferred to Oval Financial Services Limited.

These acquisitions have continued to bring market leading resources to Oval through their service levels, expertise and reputation. They have further strengthened and consolidated our presence in various UK regions, building upon acquisitions made in prior years. The acquisitions have continued to expand our brand, geographical coverage and specialist expertise, thereby enhancing our competitive edge in what has been a tough market over the last 12 months.

Further information regarding the development and performance of the Group can be found in the Chairman's statement on page 1 of the financial statements of Oval Limited.

OVAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT *(Continued...)*

FOR THE YEAR ENDED 31 MAY 2009

Principal risk exposures and associated mitigating procedures

The activities of the company expose it to a variety of risks, both financial and operational. Those which have a material impact on the company are as follows:

Performance risk: The company may under-perform its chosen benchmarks. To mitigate this risk, performance in all areas of the business is monitored on a monthly basis, allowing remedial action to be taken when necessary.

Recruitment and retention risk: The Group relies heavily on its employees for the delivery of high quality service to its customers. The loss of key employees is a risk to the Group. Reward schemes and staff development programme are in place to minimise attrition and retain key employees.

Acquisition risk: Through its acquisition strategy, the group is exposed to risk that acquisitions under perform relative to expectations or give rise to unanticipated liabilities. This risk is mitigated by ensuring thorough due diligence is performed prior to all acquisitions and key integration activities are completed within set timetables.

Operational risk: The business is exposed to the risk of disruption to its operations arising from systems failures or management stretch. This risk is mitigated by ensuring the business has a strong and capable senior management team, ensuring that acquisitions are planned to minimise disruption and putting in place appropriate disaster recovery plans.

Regulatory risk: The company requires FSA approval to undertake its Financial Services business and a breach of the FSA's rules might lead to the withdrawal of this approval. Oval continues to mitigate this risk by utilising the experienced and dedicated compliance team employed by the Oval Group.

Banking risk: A breach of Oval Group's loan covenants might lead to guarantees to which the company is party being called. This risk is mitigated by closely monitoring performance against these covenants.

Reputational risk: Inadequate service levels within the business may result in breaches of client and business partner trust and confidence as well as regulatory infringements. Our client-first culture coupled with continuous training and development programmes assist in managing this risk.

All risk exposures are monitored by the Board regularly, with the prime focus being on performance and strategy issues surrounding the mitigation and management of these above risks at an acceptable level.

Key Performance Indicators

The company's key business drivers and performance indicators are detailed below.

Profitability: The Company uses a number of profitability measures to set targets and monitor performance. These include operating profit margins and profit per head measures.

Income: The Company also uses several income performance indicators, including income yield and income per head measures.

Costs: Costs are monitored in detail at profit and cost centre level. In addition, the Company targets and monitors cost:income ratios to ensure that its cost base is appropriate relative to the level of income being generated.

Customer Retention and Net New Business: The Company is fully aware of the importance of organic growth and the cost of losing existing business. The Company therefore monitors new business and retention rates for each of its business segments.

Debtors: The timely collection of fees from clients and commission from insurers is important. The Company therefore closely monitors trade debtors to ensure such balances are properly managed and controlled.

OVAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (*Continued...*)

FOR THE YEAR ENDED 31 MAY 2009

Key Performance Indicators (*Continued...*)

Treating Customers Fairly ("TCF"): The Company is committed to meeting its TCF obligations and a number of different indicators are monitored routinely to ensure it does so including cancellations, complaints, client losses and compliance monitoring results.

Staff Turnover: The Company is fully aware of the importance of having a stable and experienced team. Staff turnover rates and employee relations issues are therefore monitored closely.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

No dividends were paid during the year and the directors do not recommend a final dividend (2008: £nil).

Directors

The directors who served during the year and subsequently were:

R P Hodson
S A Shaw
J N Herdman

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the company for that year. 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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.

Director's indemnity

The company had Directors' and Officers' Insurance in place via a group policy in Oval Limited.

Auditors

A resolution to re-appoint Mazars LLP as auditors will be proposed at the Annual General Meeting.

OVAL FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (*Continued...*)

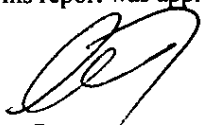
FOR THE YEAR ENDED 31 MAY 2009

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 ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This report was approved by the Board on 27 October 2009 and signed on its behalf by:



S B Benev
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF OVAL FINANCIAL SERVICES LIMITED

We have audited the financial statements of Oval Financial Services Limited for the year ended 31 May 2009 which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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. This report, including our opinion, has been prepared for and only for the company's member 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 member 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 member as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2009 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.

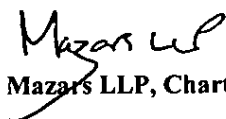
Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mazars LLP, Chartered Accountants (Statutory auditor)

Mark Grice (Senior statutory auditor)
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Date 11 December 2009

OVAL FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 2009

	Notes	31 May 2009 £000	31 May 2008 £000
Turnover	2		
Continuing operations		12,522	10,063
Acquisitions		253	2,864
		<hr/>	<hr/>
		12,775	12,927
 Cost of sales		 (213)	 (389)
		<hr/>	<hr/>
Gross profit		12,562	12,538
 Administrative expenses		 (12,373)	 (13,321)
		<hr/>	<hr/>
Operating profit/(loss)	6	189	(783)
 Interest payable and similar charges	7	 (3)	 (3)
Interest receivable and similar income	8	3	18
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		189	(768)
 Taxation on profit on ordinary activities	9	 (6)	 -
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation	15, 16	183	(768)
		<hr/>	<hr/>

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the result for the year.

The notes on pages 8 to 14 form part of these financial statements.

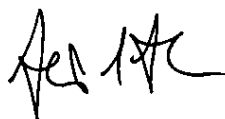
OVAL FINANCIAL SERVICES LIMITED

BALANCE SHEET

AS AT 31 MAY 2009

	Notes	31 May 2009 £000	31 May 2008 £000
Fixed assets			
Tangible assets	10	125	180
Investments	11	13	13
		<u>138</u>	<u>193</u>
Current assets			
Debtors	12	2,342	1,671
Cash at bank and in hand		756	3,595
		<u>3,098</u>	<u>5,266</u>
Creditors: amounts falling due within one year	13	(1,919)	(4,325)
Net current assets		<u>1,179</u>	<u>941</u>
Net assets		<u>1,317</u>	<u>1,134</u>
Capital and reserves			
Called up equity share capital	14	125	125
Profit and loss account	15	1,192	1,009
Shareholder's funds	16	<u>1,317</u>	<u>1,134</u>

The financial statements were approved and authorised for issue by the board on 27 October 2009 and were signed on its behalf by:



S A Shaw
Director

Company registration number: 02192234

The notes on pages 8 to 14 form part of these financial statements.

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2009

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention.

Compliance with accounting standards

The accounts have been prepared in accordance with applicable United Kingdom accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement on the grounds that the company is a wholly owned subsidiary and the ultimate parent company published consolidated financial statements.

Turnover

In accordance with FRS 5, Application Note G, income relating to financial services commission arising on transactions in life and pension contracts is recognised once the policy has incepted and placement services are substantially complete. Renewal commission is recognised at the date of settlement by the life and pensions company. Commission received on indemnity terms is recognised in full at the date receivable. Full provision is made for the claw back of indemnity commission immediately a policy lapse has been identified.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold property	straight line over period of lease
Computer equipment	25% straight line
Fixtures, fittings and equipment	10-33.33% straight line
Motor vehicles	25% reducing balance

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes in accordance with FRS 19.

Leased assets

All the leases of the company are regarded as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Defined contribution scheme

Contributions payable to the company's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

Defined benefit scheme

Pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme deficits are recognised in full on the balance sheet. The scheme is closed to further accruals. Further details of the scheme are set out in note 18.

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE YEAR ENDED 31 MAY 2009

2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3. Exceptional costs

	2009 £000's	2008 £000's
Restructuring costs	135	-

As a provider of financial services, the company has suffered from client downsizing and, in a few instances, outright liquidations. This in turn has impacted the trading performance of Oval itself. In response to these exceptional circumstances the business has been restructured to improve efficiency and reduce costs. Administrative expenses therefore include one-off costs totalling £135,000 (2008: £nil) relating to this analysis of restructuring.

4. Employee costs

	31 May 2009 £000	31 May 2008 £000
Wages and salaries	7,112	7,415
Social security costs	791	845
Other pension costs	333	333
	<u>8,236</u>	<u>8,593</u>

Number of employees

The average monthly number of employees during the year was:

	31 May 2009 Number	31 May 2008 Number
Management and administration	198	200

5. Directors' emoluments

	31 May 2009 £000	31 May 2008 £000
Remuneration in respect of directors was as follows:		
Emoluments for qualifying services	-	-
Company pension contributions to defined contribution scheme	-	-
	<u>-</u>	<u>-</u>

No benefits were accruing in this or the previous year to directors under the defined contribution pension scheme.

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE YEAR ENDED 31 MAY 2009

6. Operating profit/(loss)

Operating profit/(loss) is stated after charging:	31 May 2009 £000	31 May 2008 £000
Depreciation of tangible assets – owned	72	74
Amortisation of intangible fixed assets	-	-
(Profit)/loss on disposal of fixed assets	(2)	4
Auditors' remuneration - audit services	19	20
Hire of land and buildings assets – operating leases	451	401
	<u>451</u>	<u>401</u>

7. Interest payable and similar charges

	31 May 2009 £000	31 May 2008 £000
Bank interest payable	-	2
Loan interest	2	1
Other interest	1	-
	<u>3</u>	<u>3</u>

8. Interest receivable and similar income

	31 May 2009 £000	31 May 2008 £000
Bank interest receivable	<u>3</u>	<u>18</u>

9. Taxation on profit/(loss) on ordinary activities

a) Analysis of charge in the year

Current tax:	31 May 2009 £000	31 May 2008 £000
In respect of the year:		
UK corporation tax based on the results for the year	6	-
Adjustment in respect of prior periods	-	-
	<u>6</u>	<u>-</u>
Total current tax (see (b) below)	<u>6</u>	<u>-</u>

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE YEAR ENDED 31 MAY 2009

9. Taxation on (loss)/profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

	31 May 2009 £000	31 May 2008 £000
Profit/(loss) on ordinary activities before taxation	189	(768)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28%)	53	(215)
Effects of:		
Expenses not deductible for tax purposes	9	1
Depreciation in excess of capital allowances	18	2
Group relief	(73)	212
Profit on disposal of fixed assets	(1)	-
Current tax charge for year (see (a) above)	6	-

c) Factors that may affect future tax charges

There are no factors that may affect future tax charges

10. Tangible fixed assets

	Leasehold property £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 June 2008	117	1,146	62	1,325
Additions	-	17	-	17
Disposals	-	(17)	(38)	(55)
Transfer from group undertakings	-	12	-	12
At 31 May 2009	117	1,158	24	1,299
Accumulated depreciation				
At 1 June 2008	92	1,012	41	1,145
Charge for the year	11	55	6	72
Eliminated on disposals	-	(12)	(31)	(43)
At 31 May 2009	103	1,055	16	1,174
Net book value				
At 31 May 2009	14	103	8	125
At 31 May 2008	25	134	21	180

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE YEAR ENDED 31 MAY 2009

11. Fixed asset investments

	Unlisted investments £000
Cost	
At 1 June 2008 and 31 May 2009	13
Net book value	
At 31 May 2009	13
At 31 May 2008	13

12. Debtors

	31 May 2009 £000	31 May 2008 £000
Amounts falling due within one year		
Trade debtors	1,779	1,182
Other debtors	5	85
Corporation tax receivable	209	145
Prepayments and accrued income	349	259
	<u>2,342</u>	<u>1,671</u>

13. Creditors: amounts falling due within one year

	31 May 2009 £000	31 May 2008 £000
Trade creditors	191	194
Amounts owed to group undertakings	547	2,772
Taxation and social security	205	300
Accruals and deferred income	959	907
Other creditors	17	152
	<u>1,919</u>	<u>4,325</u>

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

FOR THE YEAR ENDED 31 MAY 2009

14. Share capital

	31 May 2009 £000	31 May 2008 £000
Authorised		
250,000 Ordinary shares of £1 each	250	250
Allotted, called up and fully paid		
125,000 Ordinary shares of £1 each	125	125

15. Reserves

	Profit and loss account £000
At 1 June 2008	1,009
Profit for the year	183
At 31 May 2009	1,192

16. Reconciliation of movements in shareholder's funds

	2009 £000	2008 £000
Opening shareholder's funds	1,134	1,902
Profit/(loss) for the year	183	(768)
Closing shareholder's funds	1,317	1,134

17. Other financial commitments

At 31 May 2009 the company was committed to make the following payments under non-cancellable operating leases in the year to 31 May 2010:

	31 May 2009		31 May 2008	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expires:				
Within one year	77	-	-	-
Within two to five years	197	11	206	-
After five years	266	-	221	-
	540	11	427	-

OVAL FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*Continued...*)

FOR THE YEAR ENDED 31 MAY 2009

18. Pension costs

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the company are administered by the trustees in a fund independent from those of the company.

	31 May 2009 £000	31 May 2008 £000
Contributions payable by the company for the year	333	333

Defined benefit schemes

Certain employees of the company participate in the Bland Bankart Retirement Benefit Scheme. The accrual of benefits ceased within the scheme with effect from 31 December 2005. The Bland Bankart Retirement Benefit Scheme is a defined benefit scheme of which Oval Financial Services Limited is one of several participating employers. The assets are held in external funds invested by professional investment managers. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Therefore the scheme is accounted for as if it were a defined contribution scheme and the profit and loss account charge for the year under FRS17 represents the employer contribution payable.

Pension costs are assessed in accordance with the advice of independent qualified actuaries.

The most recent actuarial valuation for the scheme was at 31 May 2008.

Further information on this scheme is included in the financial statements of Oval Limited.

19. Related party transactions

The company has taken advantage of the exemption under FRS8, and not disclosed transactions with other wholly owned group companies, on the grounds that consolidated financial statements are produced by the company's ultimate parent company, Oval Limited.

During the year the company paid rent of £nil (2008: £9,417) for the use of a property, which is owned by a company controlled by R P Hodson.

20. Contingent liabilities

Barclays Bank Plc, as Security Agent, hold an unlimited cross guarantee over all of the trading subsidiaries of the group and a mortgage debenture that creates a fixed and floating charge over all the assets of the subsidiaries.

21. Parent undertaking and ultimate controlling party

The company is a wholly owned subsidiary of Oval Management Services Limited, which in turn is a wholly owned subsidiary of Oval Limited, the ultimate parent company. Copies of the consolidated financial statements of Oval Limited are available from Companies House.