Company Registration No. 2654877

TENETCONNECT LIMITED

Report and Financial Statements

30 September 2011

TENETCONNECT LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

TENETCONNECT LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G S Clarkson
S M Jones
M J O'Brien
K D Richards
M O Youngman

SECRETARY

G S Clarkson

REGISTERED OFFICE

5 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

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Leeds
LS1 2AL

DIRECTORS' REPORT (CONTINUED)

The directors present their report and the audited financial statements for the year ended 30 September 2011

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 financial services network of independent financial advisers regulated by the Financial Services Authority ("FSA") 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 increased by 24% in the year, returning an operating profit of £1 1m

The balance sheet on page 8 of the financial statements shows that the company s net asset position at the year end has increased despite payment of a dividend to its parent company (see page 9)

Notes 2 and 4 include details of key assumptions used in the preparation of the company's financial statements Notes 3 and 19 detail 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 business plan which has been in place for some considerable time to manage the transition required as a consequence of the Retail Distribution Review continues to be implemented

The directors are satisfied with the results for the year and expect the general level of activity in the forthcoming year to reflect market conditions

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 based on the financial year ending 30 September 2011 At the date of approval of the financial statements for the year ended 30 September 2010 the directors recommended a dividend of 65 pence per ordinary share, which was paid during the year ended 30 September 2011 as shown in Note 10

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 Group policy to provide the directors of Group companies with indemnities as disclosed in the financial statements of Tenet Group Limited

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The directors who served during the year and subsequently were as follows
S H Hudson – resigned 12 August 2011
P W Lane – resigned 11 December 2010
G S Clarkson
A Kildunne – resigned 21 December 2010
S M Jones
M D McGaughrin – resigned 21 October 2011
M J O'Brien
K D Richards
M O Youngman
G S Sampson – appointed 19 April 2011 – resigned 7 December 2011

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 Therefore, as in the prior year, an extended going concern statement has been prepared in respect of the company

As highlighted in the Group's Annual Report, although the current economic conditions create uncertainty in respect of the level of demand for financial services products the company has a profitable business model and a strong net asset base The company's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in trading performance, show that the company should continue to trade profitably in future years despite the current uncertain economic outlook As a consequence, the directors believe that the company is well placed to manage its business risks successfully in the present challenging economic environment

The company has an adequate level of financial resources, including £4 5 million of cash at bank and net current assets of £8 1 million Furthermore, the company has no bank debt or other financial liabilities with any restrictive or financial covenants 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

Deloitte LLP have expressed their willingness to continue in office as auditors

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

M J O'Brien
Director

20th December 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TENETCONNECT LIMITED

We have audited the financial statements of TenetConnect Limited for the year ended 30 September 2011 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related Notes 1 to 19 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 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 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 and express an opinion on 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 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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2011 and of its profit 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 TENETCONNECT 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 Auditor

Leeds

United Kingdom

20th December 2011

TENETCONNECT LIMITED

INCOME STATEMENT
Year ended 30 September 2011

	Note	Year ended 30 September 2011 £	Year ended 30 September 2010 £
REVENUE	2	38,461,885	31,061,836
Cost of sales		(31,872,244)	(24,838,336)
Gross profit		6,589,641	6,223,500
Operating expenses		(5,500,616)	(4,657,942)
OPERATING PROFIT		1,089,025	1,565,558
Interest receivable and similar income	6	90,378	57,203
Interest payable	7	(5)	(14,987)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8	1,179,398	1,607,774
Tax expense	9	(115,804)	(218,273)
PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		1,063,594	1,389,501

There was no recognised income and expenditure in the current or preceding years other than the profit for the year as shown above and consequently no statement of comprehensive income has been presented.

All amounts relate to continuing operations

The accompanying notes form an integral part of these financial statements

TENETCONNECT LIMITED

BALANCE SHEET
At 30 September 2011

	Note	30 September 2011 £	30 September 2010 £
NON-CURRENT ASSETS			
Intangible fixed assets	11	703,928	737,876
CURRENT ASSETS			
Trade and other receivables	12	6,521,471	5,924,306
Cash and cash equivalents		4,470,309	4,768,718
		10,991,780	10,693,024
CURRENT LIABILITIES			
Trade and other payables	13	(2,854,981)	(2,368,662)
NET CURRENT ASSETS		8,136,799	8.324,362
NON-CURRENT LIABILITIES			
Provision for liabilities	14	(4,144,979)	(4,915,014)
NET ASSETS		4,695,748	4,147,224
EQUITY			
Equity shareholder's funds			
Called-up share capital	15	792,416	792,416
Share premium account		42,084	42,084
Capital redemption reserve		75,000	75,000
Retained earnings		3,786,248	3,237,724
TOTAL EQUITY		4,695,748	4,147,224

These financial statements were approved by the Board of Directors on 20th December 2011

Signed on behalf of the Board of Directors

M. Youngman

M O Youngman
Director

Company Registration Number 2654877

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
Equity attributable to the equity shareholder of the company

	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Retained Earnings £	Total Equity £
Balance at 1 October 2010	792,416	42,084	75,000	3,237,724	4,147,224
Profit for the financial year	-	-	-	1,063,594	1,063,594
Dividends paid (Note 10)	-	-	-	(515,070)	(515,070)
Balance at 30 September 2011	792,416	42.084	75,000	3,786,248	4,695,748
Balance at 1 October 2009	792,416	42,084	75,000	3,631,159	4,540,659
Profit for the financial year	-	-	-	1,389,501	1,389,501
Dividends paid (Note 10)	-	-	-	(1,782,936)	(1 782,936)
Balance at 30 September 2010	792,416	42,084	75,000	3,237,724	4,147,224

TENETCONNECT LIMITED

CASH FLOW STATEMENT
For the year ended 30 September 2011

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Cash flows from operating activities		
Profit on ordinary activities after taxation for the financial year	1,063,594	1,389,501
Adjustments for		
Tax expense	115,804	218,273
Amortisation charges	33,948	45,612
(Decrease)/increase in provisions for liabilities	(770,035)	810.357
Interest receivable	(90,378)	(57,203)
Interest payable	5	14,987
Operating cash flows before movements in working capital	352,938	2,421,527
Decrease in trade and other receivables	107,336	3,657,772
Increase in trade and other payables	486,483	182,901
Cash generated by operations	946,757	6,262,200
Interest paid	(5)	(19)
Taxation paid	(115,804)	(88,300)
Net cash generated by operating activities	830,948	6,173,881
Investing activities		
Interest received	90,214	54,753
Cash advances and loans made to other parties	(1,713,058)	(321,226)
Repayment of advances and loans made to other parties	1,008,557	83,058
Net cash used in investing activities	(614,287)	(183,415)
Financing activities		
Dividends paid	(515,070)	(1,782,936)
Net cash used in financing activities	(515,070)	(1,782,936)
Net (decrease)/increase in cash and cash equivalents	(298,409)	4,207,530
Cash and cash equivalents at beginning of financial year	4,768,718	561,188
Cash and cash equivalents at end of financial year	4,470,309	4,768,718

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 2011

1 GENERAL INFORMATION

TenetConnect 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*
IAS 12	*Amendments to IAS 12 – Income Taxes*
IAS 19	*Revision of IAS 19 – Employee Benefits*
IAS 24	*Revision of IAS 24 – Related Party Disclosures*
IAS 27	*Revision of IAS 27 – Separate Financial Statements*
IAS 28	*Revision of IAS 28 – Investments in Associates and Joint Ventures*
IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRS 7	*Amendments to IFRS 7 – Financial Instruments Disclosures*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure on Interest in Other Entities*
IFRS 13	*Fair Value Measurement*

Improvements to IFRSs 2010

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 applicable law and International Financial Reporting Standards ("IFRSs") as 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 2011 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

Goodwill

Purchased goodwill, representing the excess of the fair value of the consideration paid and associated costs over the fair value of the separable net assets acquired on the acquisition of a business, is capitalised and is subject to an annual impairment review Any impairment identified is recognised immediately in the income statement and is not subsequently reversed For the purposes of impairment testing, cash generating units to which goodwill has been allocated are tested annually using the latest forecasts of future cashflows to which an appropriate discount factor is applied Cashflows are projected for a period of ten years, based upon budgets and detailed forecasts for the first two years, followed by a growth rate in subsequent years in line with the directors' expectation and experience of each cash generating unit The base discount factor applied to the projected cashflows is 10% plus the Bank of England interest base rate, with a minimum of 12% However, where the directors deem the risk to be greater than this base discount factor for a cash generating unit, then the rate is increased accordingly

2 ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets are stated at cost net of amortisation Amortisation is provided at rates calculated to write off the cost of each asset over its estimated useful economic life

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

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 previously paid 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 12 and 14)

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 the 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 12 and 14) Where the collection of such receivables is doubtful, the company makes an appropriate provision

2 ACCOUNTING POLICIES (CONTINUED)

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

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 substantively 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 substantively 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 relates 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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

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 FSA Such risks may manifest themselves financially through compensation payable regarding the sale of financial products (see Notes 2, 12 and 14) 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 recharges a proportion of such amounts to the relevant Appointed Representative (see Notes 2, 12 and 14) 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

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, 12 and 14,
- Provisions for claims payable – see Notes 2, 12 and 14, and
- Accounting for goodwill – see Notes 2 and 11

In relation to each of the first three items, whilst the estimates are critical, there is both a liability and 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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

5 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

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

The remuneration of the directors was as follows

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Emoluments	267,894	259,131
Company contributions to money purchase pension schemes	34,641	32,311
	302 535	291,442
Emoluments of the highest paid director including pension contributions	91,061	79,688

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

	Year ended 30 September 2011 No	Year ended 30 September 2010 No.
Money purchase pension schemes	7	7

	Year ended 30 September 2011 No	Year ended 30 September 2010 No.
Average number of persons employed (including directors)		
Directors	8	8
Administration and consultancy	63	60
	71	68

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Staff costs during the year (including directors)		
Wages and salaries	2,323,938	1,819,020
Social security costs	243,611	187,166
Other pension costs	136,162	133,477
	2,703,711	2,139,663

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Other interest	56,348	16,492
Bank interest	34,030	40,711
	90,378	57,203

7 INTEREST PAYABLE

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Other interest	-	14,987
Bank interest	5	-
	5	14,987

8 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Intra-Group recharges	234,208	98,865
Amortisation of intangible assets	33,948	45,612
Auditors' remuneration		
- fees payable to company's auditors for the audit of the company's annual accounts	35,218	34,082
Staff costs (Note 5)	2,703,711	2,139,663
Restructuring costs	146,623	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

9 TAX EXPENSE

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Analysis of charge in year at 27% (28% in 2010)		
Current tax at 27% (28% in 2010)	-	-
Adjustments in respect of prior year	-	3
Group relief recoverable	115,804	218,270
Tax expense on profit on ordinary activities	115,804	218,273
Factors affecting tax on profit on ordinary activities in year		
Profit on ordinary activities before tax	1,179,398	1,607,774
Tax on profit on ordinary activities at UK standard rate of 27% (28% in 2010)	318,437	450,177
Effects of		
Group relief claimed	-	(117,521)
Transfer pricing adjustment	(202,633)	(114,386)
Adjustments to tax charge in respect of prior periods	-	3
Tax expense on profit on ordinary activities for year	115,804	218,273

On 22 June 2010, the UK government announced proposals to reduce the main rate of corporation tax from 28% to 24% over 4 years with effect from 1 April 2011 Following these announcements, the reduction of the rate to 27% from 1 April 2011 was enacted by the Finance (no 2) Act 2010 which was given Royal Assent on 27 July 2010

In addition, changes to capital allowances regime were proposed including a reduction in the rate of capital allowance on plant and machinery additions from 20% to 18% with effect from 1 April 2012

10 DIVIDENDS

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Dividends paid of 65 pence per ordinary share (2010 225 pence)	515,070	1,782,936

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

11 INTANGIBLE FIXED ASSETS

	Intangible Assets £	Goodwill £	Total £
Cost			
At 1 October 2010	356,557	589,892	946,449
Additions	-	-	-
At 30 September 2011	356,557	589,892	946,449
At 1 October 2009	356,557	589,892	946,449
Additions	-	-	-
At 30 September 2010	356,557	589,892	946,449
Amortisation			
At 1 October 2010	208.573	-	208,573
Amortisation charge for the year	33,948	-	33,948
At 30 September 2011	242,521	-	242,521
At 1 October 2009	162,961	-	162,961
Amortisation charge for the year	45,612	-	45,612
At 30 September 2010	208,573	-	208,573
Net book value			
At 30 September 2011	114,036	589,892	703,928
At 30 September 2010	147,984	589,892	737,876

On 6 March 2006, the company acquired the trade and certain assets and liabilities of Berkeley Independent Advisers Limited and Berry Birch & Noble Financial Planning Limited The intangible assets element of the acquisition is comprised of the customer rights and records and amortisation is provided at rates calculated to write off the cost of each asset over its estimated useful economic life

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

12 TRADE AND OTHER RECEIVABLES

	30 September 2011 £	30 September 2010 £
Due within one year		
Trade receivables	6,122,617	5,102,725
Allowance for doubtful debt	(661,605)	(776,281)
Amounts owed by group companies	1,060,459	1,596,652
Other debtors	-	1,210
	6,521,471	5,924,306

Included in trade receivables is £1,175,306 (2010 £1,169,246) that relates to amounts recoverable in relation to commission clawbacks (see Notes 2 and 14) £1,898,608 (2010 £2,042,791) that relates to amounts recoverable in relation to claims payable (see Notes 2 and 14) and £1,094,533 (2010 £390.031) that relates to the provision of secured loans as part of the company's ongoing support for its appointed representatives

Included within the company's trade receivable balance are debtors with a carrying amount of £nil (2010 £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 2011 £	Year ended 30 September 2010 £
Opening balance	776,281	514,144
Amounts owed by debtors resulting in an increase in the provision	195,998	508,695
Amounts written off during the year	(139,343)	(87,906)
Amounts recovered during the year	(171,331)	(158,652)
Closing balance	661,605	776,281

The company reviews all trade receivables for recoverability and makes a provision for the proportion of the debt which is judged to be irrecoverable

13 TRADE AND OTHER PAYABLES

	30 September 2011 £	30 September 2010 £
Trade payables	2,507,692	1,305,594
Amounts owed to group companies	246,035	938,831
Other creditors	55,547	57,695
Accruals and deferred income	36,696	19,039
Other taxation and social security	9,011	47,503
	2,854,981	2,368,662

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

14 PROVISION FOR LIABILITIES

	Claims payable provision £	Commission clawback provision £	Total £
At 1 October 2010	3,628,869	1,286,145	4,915,014
Provision utilised in the year	(350,517)	(613,649)	(964,166)
Provision released in the year	(943,096)	-	(943,096)
New provision added in the year	514,745	622,482	1,137,227
At 30 September 2011	2,850,001	1,294,978	4,144,979

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 12), and the policy excess is usually recovered from the Appointed Representative responsible for the individual case The directors expect this provision to be utilised over the next 5 years

Commission clawback provision

The commission clawback provision relates to commission receipts subsequently repaid should policies be cancelled after their sale All commissions previously paid in respect of such cancelled policies will usually be recovered from the relevant Appointed Representative (see Notes 2 and 12) The directors expect this provision to be utilised over the next 4 years

15 SHARE CAPITAL

	30 September 2011 £	30 September 2010 £
Authorised		
1,000,000 (2010 1,000,000) Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called-up and fully paid		
792,416 (2010 792,416) Ordinary shares of £1 each	792,416	792,416

16 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 5 Lister Hill, Horsforth, Leeds, LS18 5AZ

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

17 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 TenetConnect Services Limited and TenetLime 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.

18 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 2011 £**	**Year ended 30 September 2010 £**
Net amounts owed to ultimate parent at start of financial year	(692,500)	(696,500)
Receipts from ultimate parent	(765,000)	(700,000)
Payments to ultimate parent	1,457,500	704,000
Net amounts owed to ultimate parent at end of financial year	-	(692,500)

Transactions with subsidiaries of Tenet Group Limited ("Group Companies")	**Year ended 30 September 2011 £**	**Year ended 30 September 2010 £**
Net amounts owed by Group Companies at start of financial year	1,350,321	5,745,251
Receipts from Group Companies	(5,971,591)	(12,121,470)
Payments to Group Companies	5,435,694	7,726,540
Net amounts owed by Group Companies at end of financial year	814,424	1,350,321

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

19 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 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 2010

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 2011 £	30 September 2010 £
Financial Assets		
Cash	4,470,309	4,768,718
Loans and receivables from group companies	1,060,459	1,596,652
Loans and receivables from trade customers	3,048,703	1,891,898
	8,579,471	8,257,268
Financial Liabilities		
Loans and amounts owed to group companies	246,035	938,831
Amounts owed to trade customers	2,563,239	1,363,289
	2,809,274	2,302,120

19 FINANCIAL INSTRUMENTS (CONTINUED)

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 the provision of secured loans as part of the Group s ongoing support for 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, 12 and 14) 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 £8,579,471 (2010 £8,257 268) These balances are comprised of all financial assets

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 2011	30 September 2010
	£	£
0 50% increase	26,776	25,441
0 50% decrease	(26,776)	(25,441)

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