Company Registration No. 3307674

TENET CLIENT SERVICES LIMITED

Report and Financial Statements

30 September 2012

TENET CLIENT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

TENET CLIENT SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

G S Clarkson
M J O'Brien

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

Williamson and Soden
Stanton House
54 Stratford Road
Shirley
Solihull
B90 3LS

AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Leeds
LS1 2AL

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The company is a wholly owned subsidiary of Tenet Group Limited

The company's principal activity is that of an intermediate holding company There has not been any significant changes in the company's principal activity 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

The balance sheet on page 8 shows that the company invested £170,001 during the year £170,000 was invested into The Employee Benefits Corporation Limited, representing a 65% share in this newly acquired subsidiary and £1 was invested into Aspire Financial Management, a new company which is a wholly owned subsidiary of Tenet Client Services Limited Details of amounts owed to Tenet Group Limited and its subsidiaries (together "the Group") are shown in Note 13

As shown in the income statement on page 7 the company has made a loss attributable to the shareholders for the year of £131,195 (2011 profit of £377,970) which includes an impairment on its investments

Other information regarding the performance of the company's investments is shown in the Report and Accounts of its subsidiaries which do not form part of this Report

The balance sheet on page 8 shows the company's financial position at the year end

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

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

The directors are satisfied with the results for the year and believe that they reflect market conditions for the year

RESULTS AND PROPOSED DIVIDENDS

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

The directors do not recommend payment of a dividend (2011 £Nil)

ENVIRONMENT

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

DIRECTORS' INDEMNITIES

As at the date of this report, it is Group policy to provide the directors of Group companies with indemnities as disclosed in the financial statements of Tenet Group Limited

DIRECTORS

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

G S Sampson – resigned 24 September 2012
G S Clarkson – appointed 8 June 2012
M J O'Brien – appointed 24 August 2012

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Financial Reporting Council issued a guidance note in November 2008 requiring all companies to provide fuller disclosures regarding directors' assessment of going concern The Group strongly agrees with the need for this clarity in an entity's Report & Financial Statements 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, the current economic conditions create uncertainty in respect of the level of demand for financial services products provided by the company's subsidiaries Although the subsidiary companies are expected to face challenges for the foreseeable future and may require additional capital support, based on current projections the directors remain confident of the company's future due to the underlying trading performance of Paragon Insurance Company Guernsey Limited providing the prospect of future dividend income for the company alongside the newly acquired subsidiary The Employee Benefits Corporation Limited

The company's forecasts and projections, including sensitivity analysis taking into account reasonably possible adverse changes in its business and the trading performance of its subsidiaries, show that the company should continue to trade profitably and enjoy positive cashflows in future years The directors believe that the company is well placed to manage its business risks successfully in the present challenging economic environment Furthermore, should it be required the ultimate parent company has indicated its ongoing willingness to provide support to the Company

The company has an adequate level of financial resources, with no bank debt or other financial liabilities with any restrictive or financial covenants The company has no credit risk exposure to any single counterparty The company also enjoys the continuing support of its ultimate parent undertaking, including the loan facility made available to it for the previous three financial years

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 trade 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 AUDITOR

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 auditor is 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 auditor

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

G S Clarkson
Director

23rd January 2013

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 (IFRS) 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 IFRS 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 AUDITOR'S REPORT TO THE MEMBERS OF TENET CLIENT SERVICES LIMITED

We have audited the financial statements of Tenet Client Services Limited for the year ended 30 September 2012 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the related Notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 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 members 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, 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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENET CLIENT SERVICES 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

23rd January 2013

TENET CLIENT SERVICES LIMITED

INCOME STATEMENT
Year ended 30 September 2012

	Note	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Operating expenses		(42,132)	(30)
OPERATING LOSS		(42,132)	(30)
Amounts written off fixed asset investments	7	(89,063)	-
Income from fixed asset investments		-	378,000
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(131,195)	377,970
Taxation	6	-	-
(LOSS)/PROFIT ATTRIBUTABLE TO THE EQUITY SHAREHOLDER OF THE COMPANY		(131,195)	377,970

There was no recognised income and expenditure in the current or preceding years other than the (loss)/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

TENET CLIENT SERVICES LIMITED

BALANCE SHEET
At 30 September 2012

	Note	30 September 2012 £	30 September 2011 £
NON-CURRENT ASSETS			
Investments	7	1,094,343	1,013,405
		1,094,343	1,013,405
CURRENT ASSETS			
Trade and other receivables	8	15,000	-
Cash and cash equivalents		3,745	3,746
		18,745	3,746
CURRENT LIABILITIES			
Trade and other payables	9	(267,132)	(40,000)
NET CURRENT LIABILITIES		(248,387)	(36,254)
NET ASSETS		845,956	977,151
EQUITY			
Equity Shareholder's funds			
Called-up share capital	10	1,000,001	1,000,001
Retained earnings		(154,045)	(22,850)
TOTAL EQUITY		845,956	977,151

These financial statements were approved by the Board of Directors on 23rd January 2013

Signed on behalf of the Board of Directors

G S Clarkson
Director

Company Registration Number 3307674

The accompanying notes form an integral part of these financial statements

TENET CLIENT SERVICES LIMITED

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

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 October 2011	1,000,001	(22,850)	977,151
Loss for the financial year	-	(131,195)	(131,195)
Balance at 30 September 2012	1,000,001	(154,045)	845,956
Balance at 1 October 2010	1,000,001	(400,820)	599,181
Profit for the financial year	-	377,970	377,970
Balance at 30 September 2011	1,000,001	(22,850)	977,151

TENET CLIENT SERVICES LIMITED

CASH FLOW STATEMENT
For the year ended 30 September 2012

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Cash flows from operating activities		
(Loss)/Profit on ordinary activities after taxation for the financial year	(131,195)	377,970
Adjustments for		
Taxation	-	-
Impairment of investment	89,063	-
Dividends received from subsidiary undertakings	-	(378,000)
Operating cashflows before movements in working capital	(42,132)	(30)
Increase in trade and other receivables	(15,000)	-
Increase/(Decrease) in trade and other payables	227,132	(375,000)
Cash used in operating activities	170,000	(375,030)
Tax received	-	-
Net cash generated by/(used in) operating activities	170,000	(375,030)
Investing activities.		
Shares purchased	(170,001)	-
Dividends received	-	378,000
Net cash (used in)/generated by investing activities	(170,001)	378,000
Net (decrease)/increase in cash and cash equivalents	(1)	2,970
Cash and cash equivalents at beginning of financial year	3,746	776
Cash and cash equivalents at end of financial year	3,745	3,746

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 2012

1 GENERAL INFORMATION

Tenet Client Services 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 27 *Revision of IAS 27 – Separate Financial Statements*

IAS 28 *Revision of IAS 28 – Investments in Associates and Joint Ventures*

IAS 32 *Amendments to IAS 32 – Financial Instruments Presentation*

IFRS 7Amendments to IFRS 7 – Financial Instruments Disclosures

IFRS 9Financial Instruments

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure on Interest in Other Entities*

IFRS 13 *Fair Value Measurement*

Annual Improvements 2009 – 2011 Cycle

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 2012 results

As stated in the Directors' Report, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to trade 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

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group The company has not prepared group accounts as it is exempt from the requirement to do so by Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Tenet Group Limited, a company incorporated in the United Kingdom, and is included in the consolidated accounts of that company

Investments

Investments are included at cost less amounts written off for permanent impairment

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

2 ACCOUNTING POLICIES (CONTINUED)

Equity instruments

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

Taxation

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

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

3 PRINCIPAL RISKS AND UNCERTAINTIES

The business activity of the company is to act as an intermediate holding company and it is dependent upon receiving dividend income from its investments The risks faced by the company's subsidiaries are discussed in the accounts of these companies Group risks are discussed in the ultimate parent undertaking's Annual Report which does not form part of this report

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All staff utilised by the company and its subsidiaries in the delivery of their 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 the directors of its subsidiaries, and it receives recompense from the company and its subsidiaries in respect of this service through management recharges which are allocated on a time incurred basis

The amounts disclosed below relate to amounts recharged by Tenet Business Solutions Limited

Such recharges for the remuneration of the directors in respect of the company and its subsidiaries during the year were £188,501 (2011 £345,359) Additional emoluments paid to the directors of the company during the year were £nil (2011 £nil)

Such recharges for the remuneration of the directors in respect of the company during the year were £nil (2011 £nil) Additional emoluments paid to the directors of the company during the year were £nil (2011 £nil)

The highest paid director is a director of more than one company in the group, whose total emoluments as described above are distributed within the group

	Year ended 30 September 2012 No.	Year ended 30 September 2011 No.
Average number of persons employed (including directors)		
Directors	1	2

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Impairment of investment in subsidiary undertakings	89,063	-

Audit fees of £500 (2011 £500) during the year have been paid by another Group company and not recharged

6 TAXATION

	Year ended 30 September 2012 £	Year ended 30 September 2011 £
Analysis of charge in year at 25 % (27% in 2011)		
Current tax at 25% (27% in 2011)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Adjustment in respect of prior years	-	-
Total deferred tax	-	-
Tax credit on ordinary activities	-	-
Factors affecting tax on (loss)/profit on ordinary activities in year		
(Loss)/Profit on ordinary activities before tax	(131,195)	377,970
Tax on (loss)/profit on ordinary activities at UK standard rate of 25% (27% in 2011)	(32,799)	102,052
Effects of		
Dividends receivable	-	(102,060)
Paragon CFC profits	-	100,736
Group relief	-	(100,728)
Expenses not deductible for tax purposes	32,799	-
Tax credit on ordinary activities for year	-	-

Corporation tax is calculated at 25% (2011 27%) of the estimated taxable profit for the year

In March 2012, the UK Government announced that the rate of corporation tax would be reduced to 24% with effect from 1 April 2012, and then to 23% with effect from 1 April 2013 These changes were enacted by Finance Act 2012 Accordingly, deferred tax balances have been revalued to the lower rate of 23% in these accounts

TENET CLIENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

7 FIXED ASSET INVESTMENTS

Cost	**£**
At 1 October 2011	1,701,002
Additions	170,001
At 30 September 2012	1,871,003
Impairment	
At 1 October 2011	687,597
Charge for the year	89,063
At 30 September 2012	776,660
Net Book Value	
At 30 September 2012	1,094,343
At 30 September 2011	1,013,405

On 25th September 2012, £170,000 was invested into The Employee Benefits Corporation Limited, representing a 65% share in this newly acquired subsidiary In addition on 10th October 2011, £1 was invested into Aspire Financial Management, a new company which is a wholly owned subsidiary of Tenet Client Services Limited

The companies in which the company's direct interest at the year end is more than 20% are as follows

Name	Country of incorporation	Principal activity	Holding
Aspire Financial Management Limited	England and Wales	Sale of financial products	100%
Paragon Insurance Company Guernsey Limited	Guernsey (C I)	Insurance company	100%
Sinfonia Asset Management Limited	England and Wales	Administration & marketing services	100%
Sinfonia Direct Limited	England and Wales	Dormant	100%
TenetRetirement Solutions Limited	England and Wales	Sale of financial products	100%
The Employee Benefits Corporation Limited	England and Wales	Sale of financial products	65%

The company owns the controlling share of issued share capital of all direct subsidiaries

Name	Class	Number Held
Aspire Financial Management Limited	Ordinary of £1 each	1
Paragon Insurance Company Guernsey Limited	Ordinary of £1 each (partly paid at £0 20 each)	4,000,000
Sinfonia Asset Management Limited	Ordinary of £0 0001 each	510,000,000
Sinfonia Direct Limited	Ordinary of £1 each	200,002
TenetRetirement Solutions Limited	Ordinary of £1 each	650,000
The Employee Benefits Corporation Limited	Redeemable Ordinary of £1 each	1,700

8 TRADE AND OTHER RECEIVABLES

	30 September 2012 £	30 September 2011 £
Due within one year		
Amounts owed from Group companies	15,000	-
	15,000	-

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

9 TRADE AND OTHER PAYABLES

	30 September 2012 £	30 September 2011 £
Amounts owed to group companies	267,132	40,000
	267,132	40,000

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

10 SHARE CAPITAL

	30 September 2012 £	30 September 2011 £
Authorised		
4,200,002 (2011 4,200,002) Ordinary shares of £1 each	4,200,002	4,200,002
Allotted, called-up and fully paid		
1,000,001 (2011 1,000,001) Ordinary shares of £1 each	1,000,001	1,000,001

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Tenet Group Limited, a company incorporated in England and Wales The directors consider that Tenet Group Limited 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

12 CONTINGENT LIABILITY

Barclays Bank PLC holds a fixed and floating charge over the assets of the company both present and future The company, along with certain other Group companies, has jointly guaranteed to the Group's bank in respect of the Group's bank borrowing The guarantee is limited to the sum of all Group company overdraft facilities, plus interest, charges and costs incurred by Barclays Bank PLC in the recovery of such guaranteed amounts

13 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 2012 £**	**Year ended 30 September 2011 £**
Net amounts owed to ultimate parent at start of financial year	40,000	265,000
Receipts from ultimate parent	42,132	-
Payments to ultimate parent	-	(225,000)
Net amounts owed to ultimate parent at end of financial year	82,132	40,000

Transactions with subsidiaries of Tenet Group Limited ("Group Companies")	**Year ended 30 September 2012 £**	**Year ended 30 September 2011 £**
Net amounts owed to Group Companies at start of financial year	-	150,000
Receipts from Group Companies	185,001	-
Payments to Group Companies	(15,001)	(150,000)
Net amounts owed to Group Companies at end of financial year	170,000	-

Transactions with key management personnel are administered by another group company (see Note 4)

14 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 The board also reviews each of its subsidiary companys' capital position on a monthly basis taking into account each company's operational requirements

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 and the receipt of dividends from and the investment in, or loans made to, subsidiary companies

The company's capital strategy remains unchanged from 2011

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

14 FINANCIAL INSTRUMENTS (CONTINUED)

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

	30 September 2012 £	30 September 2011 £
Financial Assets		
Cash	3,745	3,746
Loans and receivables from group companies	15,000	-
	18.745	3 746
Financial Liabilities		
Loans and amounts owed to group companies	267,132	40,000
	267,132	40,000

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 Group's credit risk is primarily attributable to its cash balances

The maximum exposure of the company to credit risk at the reporting date was £18,745 (2011 £3,746) These balances are comprised entirely of 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 The company's treasury policy is to maximise credit interest whilst maintaining sufficient liquidity in order to meet operational 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 2012 £	30 September 2011 £
0 50% increase	94	19
0 50% decrease	(94)	(19)

Cash and cash equivalents receive variable interest and all other financial liabilities are interest free

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 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 Cashflow 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 is mitigated in the company as all financial liabilities are owed to other Group companies