

Sanlam Private Wealth Holdings UK Limited

Annual Report and Accounts
For The Year Ended
31 December 2011



Company number 3882013

Directors and Advisers

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Directors

L van der Walt	Non-Executive Chairman
N Speirs	Chief Executive Officer
P Bradshaw	Non-Executive Director
J A A Samuels	Non-Executive Director
S Geard	Non-Executive Director
C Dyer	Chief Financial Officer (Resigned 31st July 2011)

Company secretary

C Dyer

Banker

Nat West Bank Plc
Bryn Eirias
Ffordd Abergele
Colwyn Bay LL29 8BY

Registered office

Derwen House
Ffordd Derwen
Rhyl
Denbighshire LL18 2LS

Auditors

Harold Smith Partnership
Unit 32 Llys Edmund Prys
St. Asaph Business Park
St. Asaph
Denbighshire LL17 0JA

Report of the Directors

The directors present their report and the audited consolidated accounts of Sanlam Private Wealth Holdings UK Limited and its subsidiaries for the year ended 31 December 2011.

Change of Name

On the 18 April 2011 the company changed its name from Buckles Holdings Limited to Sanlam Private Wealth Holdings UK Limited.

Principal activities and review of business activities

The principal activities of the company and its subsidiary, Sanlam Private Wealth UK Limited, continue to be the provision of financial management and consultancy advice.

The group made a loss for the year before interest payable and graduate training costs of £1,238,308, significantly worse than the previous year's loss of £716,194. The group commenced the training of 5 advisers during 2011 compared to 22 advisers in 2010 and as a result graduate training costs decreased from £343,274 in 2010 to £331,592 in the current year. Interest payable rose from £259,408 in 2010 to £543,480 in the current year, as a result of additional loans advanced to the company by Sanlam UK Limited.

Our immediate parent company Sanlam UK Limited supported the group in this year by advancing loans totalling £2,713,000 to cover the ongoing payment of acquired client databases, graduate training costs and operating expenses. Sanlam remains committed to the group's strategy and continues to support the business in what remain difficult economic conditions.

The company purchased three client banks in December 2011 with a combined potential purchase price of £1,416,960.

Results and dividends

The full results for the year are set out in the consolidated profit and loss account on page 10

The loss after taxation was £2,101,377 (31 December 2010 £1,301,309). The directors do not recommend the payment of a final dividend for the year.

Dividends paid during the year amounted to £nil (31 December 2010: £nil)

Future Developments

The directors' aim is to continue the growth strategies during 2012 by acquiring more client banks that meet the specific requirements of the company.

Charitable donations

During the year donations for charitable purposes amounted to £nil (31 December 2010 £nil). There were no contributions for political purposes.

Directors and their interests

In accordance with the company's articles of association, directors do not retire by rotation.

The company maintains insurance in respect of the directors and officers against any such liabilities as are referred to in section 236 of the Companies Act 2006

The Board

The board currently comprises of the non-executive chairman, three non-executive directors and two executive directors.

Lukas van der Walt, non-executive chairman
Nigel Speirs, chief executive officer
J A Angus Samuels, non-executive director
Stuart Geard, non-executive director
Paul Bradshaw, non-executive director
Clare Dyer, chief financial officer (resigned 31st July 2011)

Clare Dyer, company secretary

The board met for five formal board meetings in the year.

The board is responsible for the leadership of the company and the group. It delegates day-to-day responsibility to the executive management. The balance of the board is such that no one individual or small group of individuals has unfettered powers of decision. The board is responsible for group strategy, setting and monitoring budgets, acquisition and investment policy and consideration of any other significant financial matters.

Relations with shareholders

The board encourages dialogue with all shareholders. The annual general meeting is used to communicate with private shareholders who are encouraged to attend and to participate

Shareholders can gain access to the annual accounts, and other information, via the company secretary.

Internal control

The directors are responsible for the group's system of internal control and for reviewing its effectiveness. Although no system can provide absolute assurance against material misstatement or loss, the group's system is designed to provide reasonable assurance regarding the safeguarding of assets against unauthorised use or disposition, the maintenance of proper accounting records and the reliability of financial information used within the business or for publication

The directors have implemented an ongoing process for identifying, evaluating and managing the significant risks faced by the group. This process is regularly evaluated by the board.

The group has an established organisational structure with clear lines of responsibility, operating procedures and authority levels. A budget, approved by the board, is set annually and actual performance is monitored against the budget. Significant variances are examined and remedial action taken where necessary

Going concern

The directors confirm that they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Supplier payment policy

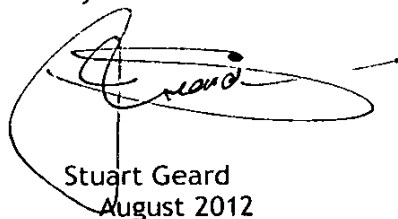
The company adheres to the payment terms that have been agreed with a supplier. Where terms have not been specifically agreed, it is the company's policy to settle invoices close to the end of the month of invoicing. Adherence to these terms is dependent upon suppliers sending accurate and adequately detailed invoices to the correct address on a timely basis.

The actual number of days taken to pay suppliers on average was 48.3 days (31 December 2010: 16.2 days).

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Harold Smith will be put to the annual general meeting.

By Order of the Board



Stuart Geard
August 2012

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year

Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and group and of the profit and loss of the company and group 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;
- state whether applicable accounting standards have been followed, 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 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 group 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 group and for taking steps for the prevention and detection of fraud and other irregularities

Statement of Disclosure of information to auditors

So far as each director at the date of approval of this report is aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- each director has taken all the necessary steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board on 13th August 2012

N Speirs
Director

Independent Auditor's Report to the Shareholders of Sanlam Private Wealth Holdings UK Limited

We have audited the financial statements of Sanlam Private Wealth Holdings UK Limited on pages 10 to 25 for the year ended 31 December 2011, which comprises of the group profit and loss accounts, the group and parent company balance sheets, group cash flow statement and 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of the 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 auditors

As explained more fully in the directors responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) ethical standards for auditors

Scope of the audit of the financial statements

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended ; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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 Shareholders of Buckles Holdings 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 by the parent company; or
- the parent company 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.

S Murray - Williams

Simon Murray Williams - Senior Statutory Auditor
Unit 32, Llys Edmund Prys
St Asaph Business Park
St Asaph
Denbighshire
LL17 0JA
13th August 2012

For and on behalf of the Harold Smith Partnership, Statutory Auditor

Consolidated Profit and Loss Account

		Year ended 31 December 2011	Year ended 31 December 2010
	Notes	£	£
Turnover		4,959,909	4,159,780
Administrative expenses		(6,198,217)	(4,875,974)
Group operating loss before graduate training costs		(1,238,308)	(716,194)
Graduate training costs		(331,592)	(343,274)
Group operating loss		(1,569,900)	(1,059,468)
Interest payable	2	(543,480)	(259,408)
Loss on ordinary activities before taxation	1	(2,113,380)	(1,318,876)
Taxation on loss on ordinary activities	4	12,003	17,567
Loss on ordinary activities after taxation	14	(2,101,377)	(1,301,309)
There were no discontinued operations throughout the year.			

Balance Sheet

		Group	Group	Company	Company
		2011	2010	2011	2010
Notes		£	£	£	£
Fixed assets					
Intangible assets	5	4,749,865	3,466,675	4,636,177	3,345,384
Tangible assets	6	55,655	82,863	1,771	1,008
Investments	7	-	1	2,000,000	1,334,000
		<u>4,805,520</u>	<u>3,549,539</u>	<u>6,637,948</u>	<u>4,680,392</u>
Current assets					
Debtors	8	1,053,802	899,660	1,338,396	691,968
Cash at bank		779,251	240,998	-	-
		<u>1,833,053</u>	<u>1,140,658</u>	<u>1,338,396</u>	<u>691,968</u>
Long term Debtors	9	-	-	200,000	-
Current liabilities					
Amounts falling due within one year	10	(2,276,514)	(1,600,517)	(2,026,709)	(1,349,458)
Shareholder loans	10	(537,063)	(966,639)	(537,063)	(966,639)
		<u>(2,813,577)</u>	<u>(2,567,156)</u>	<u>(2,563,772)</u>	<u>(2,316,097)</u>
Net current liabilities		<u>(980,524)</u>	<u>(1,426,498)</u>	<u>(1,225,376)</u>	<u>(1,624,129)</u>
Total assets less current liabilities		3,824,996	2,123,041	5,612,572	3,056,263
Long term creditors	11	(3,268,405)	(733,840)	(3,268,405)	(733,840)
Provisions for liabilities and charges	12	(254,409)	(440,332)	-	-
Net assets		<u>302,182</u>	<u>948,869</u>	<u>2,344,167</u>	<u>2,322,423</u>
Capital and reserves					
Called up share capital	13	311,878	225,662	311,878	225,662
Share premium account	14	5,333,622	3,965,148	5,333,612	3,965,138
Profit and loss account	14	(5,343,318)	(3,241,941)	(3,301,323)	(1,868,377)
Equity shareholders' funds	15	<u>302,182</u>	<u>948,869</u>	<u>2,344,167</u>	<u>2,322,423</u>
The financial statements on pages 10 to 25 were approved by the board of directors on 13 th August 2012 and signed on their behalf by:					
Stuart Geard		Nigel Speirs			

Consolidated Cash Flow Statement

		Year ended 31 December 2011 £	Year ended 31 December 2010 £
Cash flow from operating activities	Notes 20	830,478	49,704
Returns from investments and servicing of finance	21	(543,480)	(259,408)
Taxation	21	12,003	17,567
Capital expenditure and financial investment	21	(1,490,668)	(1,633,773)
Net cash outflow before financing		(1,191,667)	(1,825,910)
Financing	21	1,454,690	1,698,624
Increase/(Decrease) in cash	22	263,023	(127,286)

Principal Accounting Policies

The following accounting policies have been adopted in preparing the group's financial statements.

i. Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, as amended, and with applicable accounting standards under the historical cost convention.

The company is a subsidiary and receives investment from its parent company, who are committed to following the business plan of the company.

Whilst their investment is not guaranteed, the parent has indicated it will continue to support the company and provide additional investment in order that the company can execute the business plan.

ii. Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. Intra-group sales and profits are eliminated fully on consolidation.

As a Consolidated Profit and Loss Account is published, a separate Profit and Loss Account of the parent company is omitted from the group accounts by virtue of the exemption granted by Section 408 of the Companies Act 2006

iii. Turnover

Turnover represents total commissions receivable by the group for services provided. Commission relating to new business (initial commission) is recognised as income when the business is introduced in accord with Application Note G Revenue Recognition, Amendment to FRS 5 and UITF 40.

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

iv. Provisions

Lapse

In the event of a clawback of indemnity commission in respect of policies cancelled during the indemnity year the group has an obligation to settle the liability. The provision is calculated by reference to industry data resulting from past claims, referenced to present day sales of indemnity products

Mis-selling

This is in respect of future customer complaints where the exact quantum and number of future complaints is unknown at the balance sheet date. The estimate is based upon past experience of upheld complaints and their average values. This estimate is corrected when the individual complaint values are individually clarified.

Deferred tax

Deferred tax is calculated at the tax rates which are expected to apply in the years when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

v. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided so as to write off the cost of tangible fixed assets less estimated residual value, by equal installments over their estimated useful lives, at the following annual rates:

Short leasehold improvements	20% on Cost
Plant and machinery (including computers and software)	25% on Cost
Fixtures, fittings and equipment	20% on Cost

vi. Leasing

Rentals on operating leases are charged to the Profit and Loss Account in the years in which they fall due.

vii. Intangible assets - Client Databases

Client databases are stated at cost less accumulated amortisation as calculated during the annual impairment review. Where the cost of the database includes deferred consideration that is dependent on a future event, an estimate of the value of the likely consideration payable is made. This consideration is reassessed annually.

viii. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

ix. Pensions

The group operates a defined contribution pension scheme. Contributions payable for the year are charged in the Profit and Loss Account.

x. Grants

Grants are recognised as other income in the year of receipt.

Notes to the Financial Statements

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
1 Loss on ordinary activities before taxation		
The loss on ordinary activities before taxation is stated after charging or (receiving):		
Depreciation (note 6)	36,177	30,949
Amortisation of intangible assets (note 5)	198,511	168,747
Operating lease rentals		
Hire of plant and machinery	13,303	19,773
Property	75,000	73,438
Auditors' remuneration		
Audit fees (company: £27,098; company 2010: £10,000)	54,295	18,000
Pension costs (defined contribution)	140,636	66,036
2 Interest (payable) / receivable		
On bank loans and overdrafts	(11,660)	(9,533)
On loans from group undertakings repayable within 5 years	(506,091)	(249,875)
On other loans repayable within five years	(25,729)	-
Total interest (payable)/ receivable	<u>(543,480)</u>	<u>(259,408)</u>

3 Directors' emoluments	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Emoluments	49,263	183,372
Employer's contribution to money purchase pension schemes	1,352	1,267
	<u>50,615</u>	<u>184,639</u>
Highest paid director		
Emoluments	49,263	100,027
Employer's contribution to money purchase pension schemes	1,352	-
	<u>50,615</u>	<u>100,027</u>

There were no directors included in the money purchase pension scheme for the year ended 31 December 2011 (2010: 2)

4 Taxation based on profit for the year		
Corporation tax at 28%		-
Adjustment in respect of previous years	(12,003)	(17,567)
Deferred tax (note 11)	-	-
	<u>(12,003)</u>	<u>(17,567)</u>
Reconciliation to the current year tax charge		
Operating loss on ordinary activities before taxation	(2,113,380)	(1,318,876)
	<u>(2,113,380)</u>	<u>(1,318,876)</u>
Tax on above operating profit at 28% (2009: 28%)	(591,746)	(369,285)
Disallowable expenses and other permanent timing differences	(591,746)	(369,285)
Deferred tax	-	-
	<u>(1,183,492)</u>	<u>(738,570)</u>

The group has losses of £4,457,688 (2010: £2,344,308) available for carry forward against future trading profits.

		Client databases £
5 Intangible assets - group		
Cost		
At 1 January 2011		3,962,153
Additions		1,481,699
At 31 December 2011		5,443,852
Amortisation		
At 1 January 2011		495,478
Provided during the year		198,511
At 31 December 2011		693,987
Net book amount		
At 31 December 2011		4,749,865
At 31 December 2010		3,466,675
		Client databases £
Intangible assets - company		
Cost		
At 1 January 2011		3,751,593
Additions		1,478,644
At 31 December 2011		5,230,237
Amortisation		
At 1 January 2011		406,209
Provided during the year		187,851
At 31 December 2011		594,060
Net book amount		
At 31 December 2011		4,636,177
At 31 December 2010		3,345,384

6 Tangible assets - group

	Land & buildings short leasehold	Plant, fixtures & machinery	Total
	£	£	£
Cost			
At 1 January 2011	46,901	394,742	441,643
Additions	-	8,969	8,969
At 31 December 2011	<u>46,901</u>	<u>403,711</u>	<u>450,612</u>
Depreciation			
At 1 January 2011	35,328	323,452	358,780
Charged in year	8,211	27,966	36,177
At 31 December 2011	<u>43,539</u>	<u>351,418</u>	<u>394,957</u>
Net book value			
At 31 December 2011	<u>3,362</u>	<u>52,293</u>	<u>55,655</u>
At 31 December 2010	<u>11,573</u>	<u>71,290</u>	<u>82,863</u>

Tangible assets - company

	Plant, fixtures & machinery
	£
Cost	
At 1 January 2011	225,375
Additions	1,438
At 31 December 2011	<u>226,813</u>
Depreciation	
At 1 January 2011	224,367
Charged in year	675
At 31 December 2011	<u>225,042</u>
Net book amount	
At 31 December 2011	<u>1,771</u>
At 31 December 2010	<u>1,008</u>

The leasehold property owned by the group is held on a short term lease with less than 50 years before the lease expires.

7 Investments	Company subsidiary undertaking £
At 1 January 2011	1,334,000
Additions in year	566,000
At 31 December 2011	<u>2,000,000</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the Balance Sheet.

Subsidiary undertakings	Country of incorporation	Equity & votes held	Type of business
Sanlam Private Wealth UK Limited	England & Wales	100%	IFA
Buckles Limited	England & Wales	100%	Dormant
Snowdonia Asset Management Limited	England & Wales	100%	Dormant

All shares held are 'A' ordinary shares

Fixed assets - other investments	Other investment
At 1 January 2011	1
Disposals in year	(1)
At 31 December 2011	<u>-</u>

8 Debtors - due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	514,800	443,054	-	-
Other debtors	73,726	48,375	15,400	20,639
Amounts owed by subsidiary	-	-	1,309,111	655,379
Prepayments & accrued income	465,276	408,231	13,885	15,950
	<u>1,053,802</u>	<u>899,660</u>	<u>1,338,396</u>	<u>691,968</u>

9 Debtors - due after one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts owed by subsidiary	-	-	200,000	-
	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>

10 Current liabilities - amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and overdrafts	904,777	629,547	904,777	629,547
Trade creditors	252,893	204,257	128,774	37,984
Corporation tax	-	-	-	-
Other taxation and social security	157,118	156,468	57,172	94,558
Other creditors	916,534	573,917	916,534	573,917
Accruals	45,192	36,328	19,452	13,452
	<u>2,276,514</u>	<u>1,600,517</u>	<u>2,026,709</u>	<u>1,349,458</u>
Amounts owed to parent company	537,063	966,639	537,063	966,639
	<u>2,813,577</u>	<u>2,567,156</u>	<u>2,563,772</u>	<u>2,316,097</u>

There is a right of set off incorporated in all legal mortgages, life policies, and mortgage debentures in respect of the bank loans and overdrafts. There is an unlimited inter-company composite guarantee in relation to the bank borrowings of the group. There is a fixed and floating debenture in favour of the National Westminster Bank PLC. Secured creditors totaled £904,777.

11 Long term creditors - amounts falling due after one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Other creditors	-	242,728	-	242,728
Amounts owed to parent company	3,268,405	491,112	3,268,405	491,112
	<u>3,268,405</u>	<u>733,840</u>	<u>3,268,405</u>	<u>733,840</u>

12 Provision for liabilities and charges - group

	Mis-selling provision £	Lapse provision £	Deferred taxation £	Total £
As 1 January 2011	400,217	34,837	5,278	440,332
Movement during the year	(185,923)	-	-	(185,923)
At 31 December 2011	<u>214,294</u>	<u>34,837</u>	<u>5,278</u>	<u>254,409</u>

The provision for mis-selling has been recognised for potential claims that have been lodged as at the balance sheet date. This provision decreased during the year

The provision of £34,837 has been recognised for expected indemnity commission claw back claims on indemnity products sold during the last four financial years. The provision will be re-evaluated at the end of each accounting period.

The deferred taxation relates to accelerated capital allowances and is undiscounted.

Notes to the Financial Statements

Continued

13 Share capital

	2011 £	2010 £
Authorised		
1,000,000 A ordinary shares of £1 each	<u>1,000,000</u>	<u>285,000</u>
Issued and fully paid		
Shares classified in shareholders' funds		
At 1 January 2011 (225,662 A ordinary shares)	225,662	167,546
Shares issued in year (86,216 A ordinary shares)	<u>86,216</u>	<u>58,116</u>
At 31 December 2011	<u>311,878</u>	<u>225,662</u>

14 Group reserves

	Share premium account £	Profit & loss account £
At 1 January 2011	3,965,148	(3,241,941)
Shares issued in year	1,368,474	-
Loss after tax for the year	-	(2,101,377)
At 31 December 2011	<u>5,333,622</u>	<u>(5,343,318)</u>

Company reserves

	Share premium account £	Profit & loss account £
At 1 January 2011	3,965,138	(1,868,377)
Shares issued in year	1,368,474	-
Loss after tax for the year	-	(1,432,946)
At 31 December 2011	<u>5,333,612</u>	<u>(3,301,323)</u>

15 Reconciliation of movement on shareholders' funds

	2011 £	2010 £
Group		
Loss on ordinary activities after taxation	(2,101,377)	(1,301,309)
Issue of share capital	86,216	58,116
New share premium	1,368,474	1,640,508
Net reduction to shareholders' funds	(646,687)	397,315
Shareholders' funds at 1 January 2011	948,869	551,554
Closing equity shareholders' funds at 31 December 2011	302,182	948,869

16 Guarantees and other financial commitments

At 31 December 2011 the group and company had annual commitments under non-cancellable operating leases as follows:

	Group		Company	
	Other	Land & buildings	Other	Land & buildings
	£	£	£	£
Expiry date:				
Under 1 year	-	-	-	-
Between two and five years	2,962	413,250	-	-
Total	2,962	413,250	-	-

17 Capital commitments

Neither the group nor the company had any capital commitments at 31 December 2011 (31 December 2010: £nil).

18 Loss earned for ordinary shareholders

The Profit and Loss Account of the company is omitted from the group accounts by virtue of the exemption granted by Section 408 of the Companies Act 2006. The loss attributable for ordinary shareholders of the parent company and included in the accounts of the group amounted to £1,432,945 (31 December 2010 loss: £984,017).

19 Staff numbers and costs

The average monthly number of employees (including directors) during the year was:

	2011 No.	2010 No.
Management	3	4
Other employees	118	99
	<u>121</u>	<u>103</u>

Their aggregate payroll costs were as follows:

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Wages & salaries	3,712,139	2,891,247
Social security costs	367,633	274,531
Pension costs	140,636	66,036
	<u>4,220,408</u>	<u>3,231,814</u>

20 Pension costs

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Defined contribution	<u>140,636</u>	<u>66,036</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Notes to the Financial Statements

Continued

21 Reconciliation of operating profit to net cash flow from operating activities

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Operating loss	(1,569,900)	(1,059,468)
Depreciation charges	36,177	30,949
(Increase) in debtors	(154,142)	(87,150)
Increase/(Decrease) in creditors	2,319,832	996,626
Amortisation of goodwill	198,511	168,747
Loss on sale of intangible asset	-	-
Net cash inflow/(outflow) from operating activities	830,478	49,704

22 Gross cash flows

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Returns on investments and servicing of finance		
Interest paid	(543,480)	(259,408)
Taxation		
Corporation tax received	12,003	17,567
Investing Activities		
Payments to acquire tangible fixed assets	(8,969)	(59,964)
Payments to acquire intangible fixed assets	(1,481,699)	(1,573,809)
Sale proceeds from disposal of intangible assets	-	-
	(1,490,668)	(1,633,773)
Financing		
Issue of ordinary shares	86,216	58,116
Increase in share premium	1,368,474	1,640,508
Repayment of bank loans	-	-
	1,454,690	1,698,624

23 Reconciliation of net cash flow to movement in net debt

	£	£
Increase/(decrease) in cash in the year	263,023	(127,286)
Decrease in debt	-	-
Net debt at 1 January 2011	(388,549)	(261,263)
Net debt at 31 December 2011	(125,526)	(388,549)

24 Analysis of changes in net debt

	At 31 December 2010	Cash Flow	At 31 December 2011
	£	£	£
Cash at bank	240,998	538,253	779,251
Bank overdrafts	(629,547)	(275,230)	(904,777)
Net debt	<u>(388,549)</u>	<u>263,023</u>	<u>(125,526)</u>

25 Controlling party

The ultimate parent undertaking, Sanlam Limited, is incorporated in South Africa and is the parent of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member.

The immediate parent is Sanlam UK Limited

An electronic copy of the Sanlam Group's Annual Report and Accounts are available for viewing or download on the company's website at www.sanlam.co.za.

26 Related party transactions

The company has taken advantage of the exemptions in Financial Reporting Standard No. 8 in not disclosing the transactions with other wholly owned group companies

The group received commission from:

Sanlam Life and Pensions UK Limited (a fellow subsidiary company) totaling £805,874 (31 December 2010: £390,702), and

Principal Investment Management Limited (a fellow subsidiary company) totaling £394,780 (2010: £39,104).

As at the 31st December 2011:

The amounts due from Sanlam Life and Pensions UK Limited is £78,473; and

The amounts due from Principal Investment Limited is £65,846.

The group received loans totaling £2,713,000 from Sanlam UK Limited (an associated company). The interest rate payable is 20% pa (compounded annually). At the 31st December 2011 £3,805,468 was due to Sanlam UK and all of it is due to be repaid within 2 years.