COMPANY REGISTRATION NUMBER: 04630661

STANDARD FINANCIAL GROUP PLC

FINANCIAL STATEMENTS

31 March 2013

STANDARD FINANCIAL GROUP PLC
FOR THE YEAR ENDED 31 March 2013

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STANDARD FINANCIAL GROUP PLC
COMPANY DETAIL
FOR THE YEAR ENDED 31 March 2013

Company registration number	04630661
Registered office	Unit 1 Andoversford Business Park, Cheltenham, Gloucestershire, GL54 4LB
Website	www financial ltd uk
Domicile and legal form	Standard Financial Group Plc is a company incorporated in England under the Companies Act 2006 The company is resident and domiciled in the UK
Accountants and Auditors	Nexia Smith & Williamson, Chartered Accountants and Registered Auditors, Portwall Place, Portwall Lane, Bristol, BS1 6NA
Solicitors	Norton Rose LLP, 3 More London Riverside, London SE1 2AQ
Bankers	HSBC, Bath Road, Cheltenham, Gloucestershire, GL53 7RA
Registration	The Group is authorised and regulated by the Financial Conduct Authority

STANDARD FINANCIAL GROUP PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 March 2013

I am pleased to present the 2013 Annual Report of Standard Financial Group plc ("FINANCIAL") This is my first report since I was appointed as Chairman in November 2012

The advisory industry is facing many challenges in the post Retail Distribution Review ("RDR") world and the changing regulatory framework. We have seen the number of advisers in the market fall by around 20% with some commentators expecting there to be further contraction during 2013 Several Adviser Networks have been put up for sale or have seen poor results, one going into administration Many of the banks have withdrawn from providing advice to the mass market resulting in over 40% drop in bank advisers These are changing the way consumers will receive and seek advice – this represents both a challenge and an opportunity to us.

In this new environment the advisers that are embracing these changes will flourish However many advisers are tending to focus on the high net worth client of which there are clearly limited numbers This represents a danger in the mass market and mass affluent becoming disenfranchised and it will be engaging with these consumers (who do need advice) that represents the challenge the industry faces over the coming years The consumers' needs and ensuring positive outcomes have to sit at the heart of what we do

In the past year FINANCIAL has made significant progress in refocusing the business on the end customer and putting in stronger adviser controls to ensure the right outcomes are achieved for consumers. FINANCIAL has set a strategy to support both 'independent' and 'restricted' advice in the new regulatory framework. Currently over 70% of our members remain independent and our strategy will ensure that we support both independence and restriction by advice models. We will also continue to develop our in house IT systems to improve the efficiency and quality of the advice process to support this strategy

FINANCIAL encouraged advisers through the RDR exams and as a result only 8% of our advisers left the network, most of these choosing to retire. We continue to develop our members through seminars and roundtable discussions, which serve to educate and enable the sharing of issues and ideas. The group launched the FINANCIAL academy during the year which will build a training forum to enhance adviser development and the interface with providers

FINANCIAL has seen its costs increase as a result of resource requirements needed to meet the regulatory change, with PI premiums and FCA fees increasing significantly As a result we reluctantly had to increase fees to our members in order to absorb these costs In addition as with many networks we have had to make further provisions for possible future redress provisions, and against this backdrop the Board reports a loss of £58,808 for the year. Whilst disappointing the Board is satisfied that FINANCIAL has been able to meet the challenges presented in the last 12 months On balance this is a satisfactory result and further details of the financial results are set out in the Financial Five Year Summary.

This year has seen various changes to the Board as Ian McCallum and George Hayter decided to leave FINANCIAL to explore other opportunities The Board and I would like to thank them for their contribution to the Group and wish them well in their future endeavors. To support me in my role as chairman we strengthened the board with two additional non-executive directors Robin Bailey joins as Chairman of the Audit Committee and the senior independent director Robin brings a wealth of experience from previous roles in the life, pensions and investment business activities at Nationwide Building Society Kevin Watkins has joined as Chairman of the Risk Committee Kevin has extensive experience of the Advisory sector from various roles at Friends Provident. These appointments provide significant strength to the Board and assistance in achieving the Group's strategic goals.

Within the Executive Team Steve Bell left the group to explore new opportunities The Board welcomed Richard Warrington to the team as Risk and Compliance Director Richard's appointment reiterates the Board's drive to manage risk effectively within this ever changing regulatory environment Brian Galvin was also promoted to Managing Director of Regulated entities and will lead the management teams for Financial Ltd and Investments Ltd.

Since the year end Angela Evans left and has been replaced by Ian Henson who has recently been Finance Director for a national firm of IFA's

Despite the level of change that has been seen in the industry and within the regulatory framework, the Board believes the advice industry remains a strong market for independent and restricted advisers in which to operate and to ensure clients to get a good quality advice service FINANCIAL is focused on ensuring that client advice is central to the network's adviser control model We believe this will drive down risk and enable an efficient, cost effective service to our financial adviser The future for advice based propositions remains positive but we do need to ensure that the process and controls operated within this market ensure positive outcomes for the end consumer By engaging with Adviser firms that meet the Group's attitude to risk and achieve the right consumer outcomes we seek to establish a new benchmark for best practice within adviser networks

This is FINANCIAL's focus and we intend to be one of the businesses that thrive in the post RDR environment

Finally I would like to thank all our advisers and staff for their loyalty and support throughout the year.

Stuart Bernau
Chairman

In this section we provide a five-point overview of FINANCIAL, what we do and how we have performed

FINANCIAL IN FIVE

1. What we are

FINANCIAL pioneered the hybrid-network model and supports a franchise agreement of approaching 450 Financial Advisers across the UK by providing their compliance functions *FINANCIAL's* Advisory businesses are distributed across more than 400 locations in the UK, with no particular geographical bias The Network supports both independent and restricted advice models under the Retail Distribution Review rule changes

See www financial ltd uk/ifa map/

2. Our strategic goals

FINANCIAL's strategic goals are clear – to put the customer at the centre of all that we do and in so doing be the best run network in the UK The directors believe that a sound control environment and robust risk management are fundamental to *FINANCIAL*'s business The significant risks of the Group are continually monitored, assessed and managed at the appropriate level The network is particularly pleased to have mitigated all key identified risks by establishing controls and communication flows at board level and below, using its own proprietary software www phossil co uk.

3. Our key resources

FINANCIAL is managed by an experienced board of directors who are responsible for strategy and long-term business objectives, acquisitions and major investments

The policy behind the executive directors' remuneration is aligned with the interests of the business and its shareholder who is an Executive Director on the Group Board of Directors Capital distributions such as dividends have not been made for three years, respecting the key measure of capital adequacy and a desire to strengthen capital during this downturn

4. Financial summary

- Annual turnover growth at 20% - Excellent growth in key underlying activity as per strategic target
- Gross Profit increases year on year
- Operating costs as a % of revenue fallen over the last 5 years – a measure of efficiency
- Annual loss from continuing operations of £58,808

The five year summary shows how *FINANCIAL's* management measure the development of the business

Trend Analysis	2013	2012	2011	2010	2009
Revenue £'000s	32,032	26,672	25,642	17,788	13,726
Gross profit £'000s	3,691	3,429	3,254	2,999	2,536
Operating costs as a % of revenue	12%	12%	12%	16%	20%
(Loss) / Profit before taxation £'000s	(83)	136	135	82	(172)
Cash balances £'000s	1,434	1,405	1,115	824	514

5. The future

The advice industry remains a strong market for Advisers to operate within and for most consumers to get a good quality advice service FINANCIAL remains committed to the provision of advice and to growing its network propositions

The need for financial advice is growing, but access has been shown to be difficult as many large businesses have withdrawn from providing such a service. The aim of FINANCIAL is to offer propositions that allow financial advisers to deliver positive consumer outcomes to clients in a secure and profitable environment

We remain committed to offering independent and restricted advice propositions. However our "restricted by advice area" does offer differentiation in the market We also plan to offer "Controlled Distribution" that focuses on standard process and controls to deliver affordable and professional advice to the growing number of consumers looking for sound and reliable advice at a lower cost

STANDARD FINANCIAL GROUP PLC
MANAGING DIRECTOR REVIEW
FOR THE YEAR ENDED 31 March 2013

The business model continues to strengthen, we have seen turnover rising consistently year on year for the last five years, we continue to attract a good number of advisers and we have continued our desire to limit the risks to the business and the end consumer

We renewed our Professional Indemnity Insurance (PII) cover for another year (in a very difficult market) and maintained our low excess levels to drive down the risks exposed to the group The sector has seen some long standing networks leave the industry and some looking for new ownership as legacy positions have been too much for future trading or beyond the risk appetite of current owners

The whole industry has experienced a significant increase in PII premiums, increased FCA related fees and with a further Financial Services Compensation Scheme's ('FSCS') interim levy The underlying business model is profitable and although the final figures show a loss for the year we remain optimistic that we will return to profit this year The financial results for the group for the year ended 31 March 2013 are set out in the Consolidated Statement of Comprehensive Income on page 24

Regulation

The network industry has increasingly needed to adapt as the regulatory regime has evolved and the increased focus from the FCA The increased expectations on networks to ensure advisers are effectively controlled, the increased reporting requirements and pre-emptive approach adopted by the regulatory bodies represents an increasing cost to the Group The business and our advisers need to grasp the opportunity for and reality of change The need to adapt to change is as great as ever but the adviser community has proved itself willing and able to do so – and networks or service providers will need to lead this change

The Board believes that by engaging with Adviser firms that meet the Group's attitude to risk and aim to achieve the right consumer outcomes, we will achieve a new benchmark for best practice across adviser networks. In so doing the 'regulatory' cost will be driven down and better controls will be embedded into our working practices

Prospects

The prospects for the Group are good It is early days in the implementation of RDR and the industry is continuing to adapt

At FINANCIAL we continue in our drive to improve process and drive down risk By being as cost efficient as we can helps us to maintain fees at a reasonable level We continually look for tools that enable us to help advisers, offer the most appropriate advice and therefore meet the customer needs Whilst at the same time maintaining our flexible approach in allowing advisers to operate their own business model

Our business plan will during this forthcoming year offer a wider range of services to our members to improve their service to consumers To this end we are introducing product panels and whole of market research to smooth the process and reduce risk in providing advice in higher risk areas We will also explore the options open to us for new forms of advisory businesses or indeed potential for joint ventures Furthermore we will relaunch our direct compliance service to provide a simple menu based service to directly authorised advisers

B Galvin
Managing Director of Regulated Entities

Directors' report

The directors of Standard Financial Group Plc ("the Company") present their report, the audited accounts of the Company and the consolidated accounts of the Company and its subsidiaries (collectively together, "the Group") for the year ended 31 March 2013

Principal Activity

The principal activity of the Group is the provision of financial services within a financial adviser network

Results and Dividends

The Group's loss after tax amounted to £58,808 (2012 profit of £108,378) The directors recommended that no dividend be paid during the year (2012 £nil)

Review

The Group's review of business and key performance indicators are detailed in the "Financial in Five" and "Managing director review"

Regulatory capital

The core group is a limited license firm under CRD requirements Tier 1 capital is the highest ranking form of proprietary capital It is made up of permanent share capital, retained earnings and certain reserves The core group's Tier 1 capital on 31 March 2013 was £ 1,373,000 (2012 £1,411,000) after deductions of £262,000 (2012 £223,000)

The capital resources requirement for the core group is its Fixed Overhead Requirement, as at the last Pillar 3 disclosure date of 31 March 2013 this was £623,000 (2012 £637,000)

Tier 2 capital supplements the core group's core capital and is made up of revaluation reserves and some types of subordinated debt The core group has not held Tier 2 capital for 2013

Tier 3 capital is made up of short term debt and interim reserves, the use of the capital is restricted to meeting capital requirements arising from market risk in the Group's trading book The Group has no exposure to market risk as it does not deal on its own account as principal nor does it have any foreign exchange exposure The Group has not held any Tier 3 capital for 2013

The Board formally reviews capital adequacy by carrying out ongoing assessments of the inherent risks, controls, risk mitigation arrangements and their effectiveness, as documented in the ICAAP document The ICAAP identifies that the Group is exposed to credit, interest rate, liquidity, counterparty, operational, group and business, insurance and contagion risks

The company defines capital as being share capital plus audited reserves It is required to meet the regulatory capital requirements of the FCA at all times

Principal risks and uncertainties

The Group provides a range of financial services to the Finance industry As a consequence, elements of these activities are regulated by the FCA and produce a number of risks. These risks manifest themselves through compensation payable on the sale of financial products and fines imposed by the FCA for regulatory breaches. The Group operates in a strict compliance regime and uses insurance to help mitigate its risks. The Group also suffers clawback when indemnity commission becomes repayable when a policy is subsequently cancelled. When such clawbacks occur, the Group recharges these to the advisor wherever possible The Group actively monitors potential clawback activity and the financial stability of the advisors to service the liability in order to mitigate this risk The critical accounting assumptions are contained in note 2

Risk Management

The management of risk is a core skill in financial services and ensures that the Group is managed so that sensible and realistic returns can be budgeted for within the stated risk profile.

<u>Main risks affecting the Group</u>

The Pillar 3 risks are published in detail on the Group's website, the key risks in summary have been identified as follows

Credit risk

Credit risk is the risk that a borrower or counterparty will fail to meet their obligations or Group subsidiaries are unable to pay their inter-company debt. The risk lies in bank deposits, loans from other companies and where advisers have a financial obligation to the Group

Interest rate risk

Interest rate risk represents the potential impact of adverse movements in interest rates on planned cash flows of the Group. The Group does not maintain a proprietary trade book and hence has no trade book interest rate risk exposures. Non trade book interest rate risk is limited to cash deposits held with credit institutions

Liquidity risk

This is the risk that the Group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources but only at excessive cost It includes the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities

Operational risk

Operational issues of risk to the Group arise from changes in its business or from inadequate or failed internal processes This would include the risk that the Group may not be able to carry out its business plan and its desired strategy. In general, the Group seeks to mitigate operational risk by implementing a strong control environment and managing the risks proactively.

Main risks affecting the Group (continued)

Group and Business risk

Business risk includes a risk to the Group arising from changes in its unique business model including the risk that the Group may not be able to carry out its business strategy This also involves reputation risks and the risk of losing key staff. These risks are controlled by active monitoring of the business plan against performance and strong communication with employees.

Group risk includes the concern that stakeholders have about the ability of the Board to liquidate individual Companies of the Group and dispose of liability in this way. Following consideration of the Board, it was decided that the ethos of the Group was to ensure adequate support is provided to each individual company and ensure any arising liability is covered within the group.

Insurance risk

Insurance risk is the risk of uncertainties arising from occurrence, amount and timing of insured liabilities. The Group is not in the insurance writing business The only insurance risk that the Consolidated Group is exposed to is under its own insurance arrangements.

Contagion Risk

Financial contagion refers to the transmission of a financial shock in one entity to other interdependent entities. Risks are monitored based on the impact on the Group and on the individual company The objective is to minimise the risk of contagion and maintain the overall risk appetite.

Business continuity

The Group is committed to safeguarding the interests of our clients in the event of an emergency or significant business disruption. The Group has taken steps to mitigate the impact of business interruptions resulting from a wide variety of potential events, including the loss of key facilities and resources. The Business Continuity Plan has reviewed all aspects of the Group's key activities The assessment includes for each business process the exposure to risk and the likelihood of failure and is updated annually.

Going concern

The Group's business, risk and financial management, performance and position, which are all factors that are likely to affect future development, are described in this Directors' report and the Managing Director's review The financial position of the Group, its regulatory capital needs, cash flows and cash levels, liquidity position and borrowing facilities are described in the Group's financial statements. The Group has sufficient financial resources to meet its financial needs. The directors believe that the Group is well positioned to manage its business risks successfully in the current uncertain economic and regulatory environment. After making enquiries and reviewing financial forecasts the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 12 to the financial statements

Supplier Payment policy

It is the Company's policy to settle all of its trading transactions on the agreed settlement date; this policy extends to other trade creditors whose terms are normally 30 days On average creditors were paid within 8 days in the year to 31 March 2013 (2012 16 days)

Disclosure of Information to Auditors

The directors of the Company who held office at the date of approval of these financial statements as set out above, each confirm that

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Directors and Employees

The directors of the Company who held office throughout the year, except where otherwise stated were as follows

Directors

R Bailey (appointed 14th November 2012)
S Bernau (appointed 14th November 2012)
S E Bell (resigned 16th January 2013)
A Evans (resigned 12th July 2013)
I Henson (appointed 4th September 2013)
B Galvin
P K Grigg
G A Hayter (resigned 1st November 2012)
C A Llewellen Palmer
I N McCallum (resigned 1st November 2012)
R Warrington (appointed 15th January 2013)
K Watkins (appointed 19th November 2012)

Employees

As a fast growing organisation in a competitive market it is essential to recruit the highest calibre staff We encourage staff to apply for any internal vacancies and our policy is to advertise internally first thus giving our staff an opportunity to progress before we look externally for suitable candidates

The Group policy is to train and retain our staff For individuals with appropriate experience we encourage further training Our key criteria are to recruit employees who are technically capable and qualified but also sincere, straightforward and have the drive to move the company forward In line with our Human Rights policy and Diversity policy the Group is committed to providing a working environment in which all our employees are able to realise their full potential and to contribute to the business success irrespective of gender, race, religion, age, creed and culture

Auditors

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting

On behalf of the board

P K Grigg
Company Secretary

Date 25 September 2013

Company registration number: 04630661

Corporate Social Responsibility

People

The Group makes every effort to manage people in sympathy with their own circumstances

Integrity and Ethics

The Group takes their motto very seriously of Humility, Integrity and Discipline This is reflected in our attitude to staff and the time taken to help them develop Our key criteria, assuming the relevant competence and qualifications are present is to recruit people who are sincere and straightforward

Customers

The Group is keen to put its customers first at all times If the needs of the customers are attended to within the moral and ethical guidelines laid down by the Board then the future of the business should be secure

Environment

The Group is based in the Cotswolds and believes that we work in sympathy with our environment Most of our office based staff live within a radius of 2km to 30 km of the Group's premises

Community

Each year we take one or two students who are looking for work experience We give them an insight to the work we do over the course of one week

Charity

As well as providing financial help, where practical and appropriate, FINANCIAL gives time, which is often a much more valuable contribution We like to support community partners and to help develop sustainable relationships As a people business we value the contribution our employees and Appointed Representatives make to the communities we serve The Group provides support to charities and projects that make a direct contribution to the communities we serve

Health & Safety

The Health and Safety department has been working to spread knowledge and awareness throughout the Group that healthy and safe working conditions and practices are vital to achieving business excellence and will in their observance improve productivity The department has worked through the Health and Safety at Work Act 1974 setting up all of the Group procedures so that the Group conducts its business in a way that presents no risk of injury or ill health to its employees, suppliers, visitors or customers All aspects of health and safety including Fire regulations, First Aid, Manual handling, Company equipment and Buildings have been taken into account and the relevant training and guidance has been provided

Key elements of the Group's system of internal controls

Risk Management

The Board is responsible for the Group's risk management and for reviewing the processes for identifying, mitigating and avoiding risk It is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss

The Board's monitoring covers all controls, including financial, operational and compliance controls It considers whether significant risks are identified, evaluated, managed and controlled and the action proposed where any significant weaknesses identified The Risk Committee assists the Board in discharging its review responsibilities

Control environment

The Group's Board believes it has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives Overall business objectives are set by the Board and communicated through the organisation Lines of responsibility and delegations of authority are documented

Compliance Control procedures

The Group has implemented compliance control procedures designed to ensure complete and accurate accounting for, and explanation of, financial advice and transactions This limits the potential exposure to loss via bad advice or fraud Measures taken include reviews of KPIs, segregation of duties, reviews by management, quality control and external audit, to the extent necessary to arrive at their audit opinion

A process of control self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability These procedures are relevant across Group operations and provide for successive assurances to be given to the Board Planned corrective actions are monitored for timely completion

Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial and non-financial controls The Audit Committee meets at least twice a year and, within its remit, reviews the effectiveness of the Group's system of financial reporting and internal control policies The Committee receives reports from external audit and management

Non-financial compliance controls are reviewed regularly by executive management who report any issues and corrective actions directly to the Board director in charge of their area

Directors' Remuneration Report

The Nomination and Remuneration Committee has a membership of the Non-executive Chairman, Stuart Bernau, the Non-executive directors Robin Bailey and Kevin Watkins and the Group Chief Executive, Charlie Palmer

The committee is responsible for ensuring that the Group's vision and strategy is supported by its remuneration policies and practices It seeks to perform its role consistently within the Group's stated core values, which include the motto of Humility, Integrity and Discipline

The main work of this committee includes the following discussions

- Board positions including nomination of new directors
- Job descriptions for the Board
- Directors' insurance
- Executive directors' performance
- Directors' remuneration
- Compliance with FCA's Remuneration Code

The process used in relation to Board appointments and remuneration does not generally involve external consultants although independent advice has been taken in the past All positions are discussed first A detailed job description and salary banding is then designed, the position is advertised and suitable applicants are interviewed Final decisions are made by agreement with the entire Board, following the recommendation of the committee

In assessing all aspects of pay and benefits, the committee compares packages offered by similar companies These companies are chosen having regard to their size as measured by turnover and numbers of employees and their growth pattern Also compared are the director salaries in relation to the remuneration of other senior employees within the Group including the other Executive Directors The working of this policy is such that all Directors are remunerated within the same framework They are trusted to act according to the Group principles of Honesty, Integrity and Discipline and rewarded accordingly

Policy on contracts of service

All senior executives including Executive Directors have substantially similar contracts There are no exceptional termination provisions for either senior executives or Executive Directors Executive Directors have no formal termination date to their letters of appointment

The Group has insured its directors against legal action as a result of their actions on behalf of the Group

Material contracts with Directors

There were no material contracts between the Group and the Directors

Policy on remuneration of other senior executives

The directors determine the remuneration of all senior executives

Director profiles

The Directors served on the Board as shown below The commencement dates of the director contracts are as follows:

Charlie Llewellen Palmer 8th January 2003

Charlie founded the company, and is the Group's chief executive, he previously worked with Allied Dunbar as a financial adviser at the Cheltenham Branch from 1992 to 1997 – He left to set up IFA firm FINANCIAL from his home and in 2002 incorporated Financial Limited as the UK's first fee based Hybrid-Network for Advisers

Stuart Bernau 14th November 2012

Stuart is the Chairman of the Board Stuart is a past director of the Nationwide and Chelsea Building Societies where he acted as Chief Executive Officer and Chairman, and had responsibility for arranging the merger with the Yorkshire Building Society. He has extensive experience throughout all areas of the financial services sector and is a non-executive director and chairs the Audit Committee at MetroBank plc.

Robin Bailey 14th November 2012

Robin is Chairman of the Audit committee and the Senior Independent Director Robin was a Director over Savings and Investments at the Nationwide Building Society where he worked for over 40 years He is the Vice Chairman at the Buckinghamshire Building Society and the Chairman of Forward Swindon

Kevin Watkins 19th November 2012

Kevin is Chairman of the Risk Committee He was previously Director of the UK Individual business and Life & Pensions Board Sales Director for Friends Provident Also Non Executive Director for IFA Promotion Ltd for six years incorporating Audit & Remuneration Committee membership

Brian Galvin 28th September 2011

Brian is the Managing Director of the Regulated entities Brian was the Group's Sales and Development Director until January 2013 when he became the Managing Director Brian has over 27 years' experience in financial services and previously worked as Head of Intermediary Partnerships for Friends Provident (now Friends Life) A key aspect of Brian's previous role was building strategic relationships with the UK's largest distribution groups Prior to this he was Head of Operations for Friends Provident

Paivi Grigg 2nd June 2009

After thirteen years in the consumer credit industry with GE Capital, Paivi moved on to be financial director for Burns Anderson for six years, completed the same role for Lighthouse Group for another six years and joined Financial in 2009 as Commercial Director and head of asset management which included fund management and private client work She is now a director and the company secretary with responsibility to provide guidance to the Board on corporate governance

Richard Warrington 15th January 2013

Richard joined the company in December 2012 and is the Group Risk & Compliance Director Richard has worked at a senior executive level in numerous financial services businesses in regulatory compliance and risk management, most recently Nationwide Building Society, but previously at firms such as Virgin Financial Services, Egg, Lloyds Banking Group and National Australia Group Richard ensures that Financial's customer treatment standards are set at a high level to meet regulatory expectations

Ian Henson 4th September 2013

Ian joined the company in September 2013 and is the group Finance Director Before joining Ian worked for a national firm of IFA's for nearly 7 years and previously worked for both SME's and listed companies in the UK and abroad

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006 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 group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to·

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Nexia Smith & Williamson

Independent Auditors' Report to the Members of Standard Financial Group Plc for the year ended 31 March 2013

We have audited the financial statements of Standard Financial Group Plc for the year ended 31 March 2013 which comprise the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Company Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Cash Flows and the related notes 1 to 22 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 and as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, 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 Financial Reporting Council's (FRC'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 FRC's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and company's affairs as at 31 March 2013 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Nexia Smith & Williamson

Independent Auditors' Report to the Members of Standard Financial Group plc for the year ended 31 March 2013 (continued)

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in note 1 of the financial statements concerning the group's ability to continue as a going concern, which is dependent upon a satisfactory outcome of on-going investigations by the Financial Conduct Authority These conditions, along with other matters explained in note 21 to the financial statements, indicate the existence of a material uncertainty which may cause significant doubt about the group's ability to continue as a going concern The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern

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

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 company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Nexia Smith Williamson

Jonathan Talbot
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date 25 September 2013

STANDARD FINANCIAL GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 March 2013

	Notes	2013 £	2012 £
Continuing Operations:			
Revenue	2	32,032,684	26,672,340
Cost of sales		(28,341,215)	(23,243,087)
GROSS PROFIT		3,691,469	3,429,253
Administrative expenses		(3,742,128)	(3,225,703)
OPERATING (LOSS)/PROFIT	3	(50,659)	203,550
Finance costs	6	(5,042)	(5,229)
FSCS charges		(51,313)	(93,556)
Other non-operating income		24,035	32,028
Other non operating expense		-	(363)
(LOSS)/PROFIT BEFORE TAX		(82,979)	136,430
Taxation	7	24,171	(28,052)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(58,808)	108,378

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2013

	2013	*2012*
	£	*£*
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	**(58,808)**	*108,378*
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**(58,808)**	*108,378*

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 March 2013

	2013	*2012*
	£	*£*
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR	**(17,600)**	*4,048*
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR	**(17,600)**	*4,048*

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2013

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2012	**526,900**	**786,576**	**1,313,476**
Total comprehensive expense for the year	-	**(58,808)**	**(58,808)**
Balance at 31 March 2013	**526,900**	**727,768**	**1,254,668**

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2011	*526,900*	*678,198*	*1,205,098*
Total comprehensive income for the year	-	*108,378*	*108,378*
Balance at 31 March 2012	*526,900*	*786,576*	*1,313,476*

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 March 2013

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2012	**526,900**	**202,548**	**729,448**
Total comprehensive expense for the year	-	**(17,600)**	**(17,600)**
Balance at 31 March 2013	**526,900**	**184,948**	**711,848**

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2011	*526,900*	*198,500*	*725,400*
Total comprehensive income for the year	-	*4,048*	*4,048*
Balance at 31 March 2012	*526,900*	*202,548*	*729,448*

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 March 2013

	Note	Group 2013	2012	Company 2013	2012
ASSETS		**£**	*£*	**£**	*£*
Non-current assets					
Plant and equipment	8	**70,891**	*93,787*	-	-
Goodwill	9	**223,080**	*223,080*	-	-
Other intangible assets	10	**3,539**	*5,899*	-	-
Investments in subsidiaries	11	-	-	**446,910**	*409,510*
Other receivables	14	-	-	**92,054**	*199,451*
		297,510	*322,766*	**538,964**	*608,961*
Current assets					
Trade and other receivables	14	**6,343,059**	*5,060,072*	**207,396**	*202,327*
Cash and cash equivalents	15	**1,433,837**	*1,405,202*	**170**	*70*
Corporation tax repayable		**9,573**	-	-	-
		7,786,469	*6,465,274*	**207,566**	*202,397*
TOTAL ASSETS		**8,083,979**	*6,788,040*	**746,530**	*811,358*
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the company					
Issued share capital	16	**526,900**	*526,900*	**526,900**	*526,900*
Retained earnings		**727,768**	*786,576*	**184,948**	*202,548*
TOTAL EQUITY		**1,254,668**	*1,313,476*	**711,848**	*729,448*
LIABILITIES					
Non-current liabilities					
Deferred tax liability	18	-	*553*	-	-
Current liabilities					
Other payables	19	**1,004,875**	*770,442*	**34,566**	*80,902*
Current tax liability		-	*46,722*	**116**	*1,008*
Borrowings	15	**78,648**	*6,839*	-	-
Provisions	20	**5,745,788**	*4,650,008*	-	-
TOTAL CURRENT LIABILITIES		**6,829,311**	*5,474,011*	**34,682**	*81,910*
TOTAL LIABILITIES		**6,829,311**	*5,474,564*	**34,682**	*81,910*
TOTAL EQUITY AND LIABILITIES		**8,083,979**	*6,788,040*	**746,530**	*811,358*

Approved by the Board on 25 September 2013
and signed on its behalf by

C A Llewellen

C A LLEWELLEN PALMER - DIRECTOR

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2013

	Group		Company	
	2013	*2012*	**2013**	*2012*
	£	*£*	**£**	*£*
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating (loss)/profit	**(50,659)**	*203,550*	**(27,657)**	*(8,543)*
ADJUSTMENTS FOR:				
FSCS charges paid	**(51,313)**	*(93,556)*	-	-
Depreciation	**26,595**	*46,987*	-	-
Amortisation	**2,360**	*2,359*	-	-
Loss on disposal of tangible fixed asset	-	*363*	-	-
(Increase) /Decrease in trade and other receivables	**(1,282,987)**	*(1,440,683)*	**102,327**	*98,321*
Increase/ (Decrease) in other payables and provisions	**1,329,660**	*1,575,998*	**(46,335)**	*(122,127)*
NET CASH FLOWS (USED IN) / GENERATED FROM OPERATING ACTIVITIES	**(26,344)**	*295,018*	**28,335**	*(32,349)*
Tax paid	**(32,124)**	*(24,870)*	**(1,008)**	*(579)*
	(58,468)	*270,148*	**27,327**	*(32,928)*
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments to acquire plant and equipment	**(3,699)**	*(14,499)*	-	-
Investment in subsidiaries	-	-	**(37,400)**	-
Interest received	**24,035**	*32,028*	**10,173**	*14,178*
NET CASH FLOWS GENERATED FROM/(USED) IN INVESTING ACTIVITIES	**20,336**	*17,529*	**(27,227)**	*14,178*
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of investments	-	*599*	-	-
Interest paid	**(5,042)**	*(5,229)*	-	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(5,042)**	*(4,630)*	-	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(43,174)**	*283,047*	**100**	*(18,750)*
Cash and cash equivalents, including bank overdrafts, as at 1 April	**1,398,363**	*1,115,316*	**70**	*18,820*
CASH AND CASH EQUIVALENTS, INCLUDING BANK OVERDRAFTS, AS AT 31 MARCH	**1,355,189**	*1,398,363*	**170**	*70*

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The Group's financial statements for the year were authorised for issue on September 2013 and the statement of financial position signed on the board's behalf by Mr C A Llewellen Palmer Standard Financial Group Plc is a public limited company incorporated and domiciled in England & Wales

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006 IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2013

The principal accounting policies adopted by the Group are set out in note 2

2. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets

Going Concern

The directors have prepared the financial statements on the going concern basis which assumes that any potential outcome of the investigation disclosed in note 21 of these financial statements will not be of a nature or to such an extent so as to prevent the ability of the company to continue as a going concern

The directors have concluded that the above factors do however constitute a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

Notwithstanding these matters, after considering the uncertainties described above, the directors have a reasonable expectation that the company shall be able to continue in operational existence for the foreseeable future For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements

Basis of consolidation

The Group financial statements consolidate the accounts of Standard Financial Group Plc and all its subsidiary undertakings controlled by the Company, prepared to 31 March each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

The results of subsidiary undertakings acquired during the period are included in the consolidated income statement from the date of acquisition to the date of disposal All intra-

2. ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

group transactions, balances, income and expenses are eliminated on consolidation Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group

In accordance with Section 408 of the Companies Act 2006 Standard Financial Group Plc has taken advantage of the legal dispensation not to present its own income statement The loss for the company for the year ended 31 March 2013 was £17,600 (2012· profit £4,048)

Business combinations and goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i e discount on acquisition) is credited to profit and loss in the period of acquisition Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually Any impairment is recognised immediately in profit or loss and is not subsequently reversed

Investments in subsidiaries

In the company's accounts investments in subsidiary undertakings are stated at cost less any provision for impairment

Available-for-sale financial assets

Investments are classified as 'available-for-sale' and are initially recognised at fair value and are measured at subsequent reporting dates at fair value, the gains and losses arising from changes in fair value are included in other comprehensive income On disposal the cumulative gain or loss previously recognised in other comprehensive income is included in the consolidated income statement for the period If an available-for-sale investment is determined to be impaired, the cumulative loss previously recognised in other comprehensive income is included in the income statement for the period

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured All such revenue is reported net of discounts and value added and other sales taxes Revenue represents gross commissions and management fees receivable in respect of the period and it is recognised as they are earned on a monthly basis

2. ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax

The tax currently payable is based on the taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense 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 is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis

2. ACCOUNTING POLICIES (continued)

Plant and equipment

Plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, net of any residual value, using the straight line basis, on the following bases

IT equipment	4 years
Fixtures and fittings	7 years

Intangible assets

The internally generated software is capitalised based on the cost incurred in bringing the asset into use and to the extent of future anticipated income Amortisation is charged to administrative expenses so as to write off the cost of asset over its estimated useful life, net of any residual value, using the straight line basis, on the following basis

Software	5 years

Trade and other receivables

Trade and other receivables are recognised by the Group initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectible or impaired amounts An estimate for doubtful debts is made when collection of the full amount is no longer probable and the provision is recognised in the income statement Bad debts are written off to the income statement when they are identified

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits Short term deposits are defined as deposits with an initial maturity of twelve months or less

Bank overdrafts are repayable on demand and are included as a component of cash and cash equivalents for the purposes of the cash flow statement Bank overdrafts are initially recorded at fair value and subsequently carried at amortised cost Finance costs are accounted for on an accruals basis in the income statement using the effective interest rate method Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

2. ACCOUNTING POLICIES (continued)

Complaints and clawback provisions

The Group has an obligation to settle upheld complaints Any complaint is recorded and assessed as to its validity and financial quantum Complaints are assessed on the likelihood of redress being made and provided on this probability, save for the excess, which is recoverable from the adviser Recoverability is assessed on an adviser by adviser basis and provision is made where necessary

The Group provides for 2 5% of commissions earned Any clawbacks are fully recoverable from the relevant Appointed Representatives of the company

The Financial Service Compensation Scheme (FSCS) levy

As a regulated Group, the Group pays levies to the Financial Services Compensation Scheme (FSCS) to enable the FSCS to meet compensation claims The FSCS has or will meet the claims by way of loans received from HM Treasury and the Group provides for its share of the interest costs associated with the loans and for the management expenses of the scheme A provision is recognised to the extent it can be reliably estimated for the obligation based on information from HM Treasury, forecasted future interest rates and the Group's share of industry protected deposits The amounts provided do not take account of any compensation levies which may arise from any ultimate payout on claims.

Employment benefits

Provision is made in the financial statements for all employee benefits Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals

The Group's contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

2. ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date

Equity

An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs Equity comprises the following:

- "Issued share capital" represents amounts subscribed for shares at nominal value
- "Retained earnings" represents the accumulated profits and losses attributable to equity holders

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year end date and the reported amounts of revenues and expenses during the reporting period

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Critical accounting judgements

The directors do not believe the company has any critical accounting judgements in producing these financial statements

2. ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty

The directors consider the following to be key sources of estimation uncertainty

- Measurement of the recoverable amount of trade receivables

  A provision for impairment of trade receivables is established when there is no objective evidence that the company will be able to collect all amounts due according to the original terms The company considers factors such as default or delinquency in payment, significant financial difficulties of the receivable and the probability that the receivable will enter bankruptcy in deciding whether the trade receivable is impaired

- Measurement of complaints provision

  The Directors have applied their knowledge and experience of the industry in determining the level and rates of provisioning required In the assessment of provisions, the Directors consider the recoverability of redress from the advising firm and apply an overall estimate based on past experience

- Goodwill

  The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations require the use of estimates (note 10)

Estimates and judgments are continually evaluated and are based on historical experience, external advice and other factors, including expectations of future events that are believed to be reasonable under the circumstances

2. ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations to existing standards that are not yet effective or have not been early adopted by the Group

At the date of authorisation of these consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the company Whilst these standards, interpretations and amendments are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following may have a material impact going forward

Standard	Amendment	Effective Date	Adopted by EU	Impact
IFRS 9	Financial instruments	1 January 2015	Not yet	No material impact
IFRS 10	Consolidated Financial Statements	1 January 2014	Yes	No material impact
IFRS 11	Joint Arrangements	1 January 2014	Yes	No material impact
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014	Yes	Disclosure only

3. OPERATING PROFIT

Operating profit is stated after charging

	2013 £	2012 £
Cost of commissions recognised as an expense	27,540,063	22,846,827
Depreciation of property, plant and equipment – owned	26,595	46,987
Amortisation of intangible assets	2,360	2,359
Operating lease rentals	84,220	95,613
Auditors' remuneration		
• Fees payable to the company's auditors for the audit of the company's annual financial statements	4,500	3,500
• Fees payable to the company's auditor and their associates for other services to the group		
- The audit of the company's subsidiaries	32,750	30,000
- Tax compliance services	6,718	6,435

4. EMPLOYEE EXPENSES

	2013 £	2012 £
Wages and salaries	1,671,741	1,625,580
Pension contributions	6,273	5,284
Social security costs	176,058	177,969
	1,854,072	1,808,833

The average monthly number of employees, including directors, during the year was made up as follows

	2013 No.	2012 No
Average number of employees	47	41

5. DIRECTORS' EMOLUMENTS

	2013	*2012*
	£	£
Emoluments	501,223	*487,024*
Pension contributions	3,876	*5,284*
Highest paid director		
Emoluments	100,000	*100,000*

Remuneration of key management personnel

The basis for the remuneration of the directors, who are the key management personnel, is shown on the directors' remuneration report

6. FINANCE COSTS

	2013	2012
	£	£
Bank charges	5,042	*5,229*

7. TAXATION

	2013	2012
	£	£
Current		
UK Corporation tax	**(12,140)**	*34,865*
Adjustments in respect of prior periods	**(11,478)**	*(8,473)*
Total current tax	**(23,618)**	*26,392*
Deferred tax	**(553)**	*1,660*
Tax charge on profit on ordinary activities	**(24,171)**	*28,052*

Factors affecting tax charge for the period

Tax has been calculated using an estimated annual effective tax rate of 21% (2012. 21%), which is lower than the standard rate of corporation tax in the UK The differences are explained below

	2013	2012
	£	£
(Loss)/Profit on ordinary activities before tax	**(82,979)**	*136,430*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 19 3%)	**(16,596)**	*26,330*
Tax effect of expenses not deductible in determining taxable profit	**554**	*3,981*
Depreciation in excess of capital allowances	**3,349**	*6,214*
Adjustment in respect of prior periods	**(11,478)**	*(8,473)*
	(24,171)	*28,052*

8. PLANT AND EQUIPMENT – GROUP

	Fixtures and fittings £	IT equipment £	Total £
Cost			
At 1 April 2012	173,898	139,930	313,828
Additions	2,743	956	3,699
At 31 March 2013	176,641	140,886	317,527
Depreciation			
At 1 April 2012	(95,584)	(124,457)	(220,041)
Charge for year	(20,179)	(6,416)	(26,595)
At 31 March 2013	(115,763)	(130,873)	(246,636)
Net book value			
At 1 April 2012	*78,314*	*15,473*	*93,787*
At 31 March 2013	**60,878**	**10,013**	**70,891**

	Fixtures and fittings £	IT equipment £	Total £
Cost			
At 1 April 2011	170,607	131,772	302,379
Additions	6,341	8,158	14,499
Disposals	(3,050)	-	(3,050)
At 31 March 2012	173,898	139,930	313,828
Depreciation			
At 1 April 2011	(76,083)	(99,059)	(175,142)
Charge for year	(21,589)	(25,398)	(46,987)
Disposals	2,088	-	2,088
At 31 March 2012	(95,584)	(124,457)	(220,041)
Net book value			
At 1 April 2011	94,524	32,713	127,237
At 31 March 2012	**78,314**	**15,473**	**93,787**

9. GOODWILL – GROUP

	2013	2012
	£	£
At 1 April 2012		
Cost	523,080	523,080
Accumulated impairment	(300,000)	(300,000)
Net carrying value	223,080	223,080
At 31 March 2013		
Cost	523,080	523,080
Accumulated impairment	(300,000)	(300,000)
Net carrying value	223,080	223,080

Goodwill is allocated to the group's one cash-generating unit (CGU). The recoverable amount is based on value-in-use calculations These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period Cash flows beyond the five-year period are extrapolated using the average long term growth rate Gross margins and profitability consistent with prior years are assumed going forward along with a pre-tax discount rate of 8% (2012: 8%) consistent with the market rate at which the group can secure external borrowings There was no impairment of goodwill for the year ended 31 March 2013 (2012: £nil)

10. OTHER INTANGIBLE ASSETS - GROUP

	2013	2012
Software	£	£
At 1 April 2012	9,438	9,438
At 31 March 2013	9,438	9,438
Amortisation		
At 1 April 2012	(3,539)	(1,180)
Charge for year	(2,360)	(2,359)
At 31 March 2012	(5,899)	(3,539)
Net book value		
At 31 March 2013	3,539	5,899

11. INVESTMENTS

	2013 £	*2012 £*
Company		
Investments in subsidiaries	409,510	409,510
Additions	37,400	-
	446,910	409,510

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid The addition in the year represents the fair value paid in consideration for an additional £37,400 ordinary share capital issued in Financial Limited during the year Details of the investments in which the group and company holds 20% or more of the nominal value of any class of share capital are as follows

Details of Group companies	Class of Shares	Holding	Registered	Nature of Business
Financial Limited	£1 Ordinary	100%	England and Wales	Adviser Network
IFA Compliance Limited	£1 Ordinary	100%	England and Wales	Compliance advice
Dominico Limited	£1 Ordinary	100%	England and Wales	Dormant
Investments Limited	£1 Ordinary	100%	England and Wales	Adviser Network
Financial Protection Network Limited	£1 Ordinary	100%	England and Wales	Dormant

12. FINANCIAL INSTRUMENTS

The group's financial instruments comprise of cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations The main purpose of these financial instruments is to provide finance for the group's operations

The group's operations expose it to a variety of financial risks including market, credit, interest rate and liquidity risks The management of these risks is vested in the Board of Directors

Market risk

The most significant area of market risk to which the group is exposed is interest rate risk The directors do not believe they have a material exposure to price risk

Interest rate risk

The principal impact to the group is the result of interest-bearing cash and cash equivalent balances, including bank overdrafts, held as set out below

	Floating rate 2013 £	Floating rate 2012 £
Cash and cash equivalents, net of overdrafts	**1,355,189**	1,398,393

The directors do not consider that a reasonable movement in interest rates would have a material impact on the financial statements as at 31 March 2013 and 31 March 2012

12. FINANCIAL INSTRUMENTS (continued)

Credit risk

The group's credit risk is primarily attributable to its trade receivables and cash and cash equivalents The group has implemented policies that require appropriate credit checks on customers and counterparties

The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

	2013	2012
	£	£
Loans and receivables as defined by IAS39		
- Trade receivables	**1,089,330**	*730,837*
- Other receivables	**3,835,992**	*4,063,400*
- Cash and cash equivalents, net of overdrafts	**1,355,189**	*1,398,363*
Maximum exposure to credit risk	**6,280,511**	*6,192,600*

Liquidity risk

The Group seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably The Company deems there is sufficient liquidity for the foreseeable future

Trading liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time

The group had cash and cash equivalents, net of bank overdrafts at 31 March 2013 as set out below

	2013	2012
	£	£
Cash and cash equivalents, net of overdrafts	**1,355,189**	**1,398,363**

Capital risk management

Details of the group's regulatory capital and related risk management objectives and policies are provided in the Directors' Report

13. RELATED PARTY TRANSACTIONS

Group accounts and subsidiaries

The consolidated financial statements include the financial statements of Standard Financial Group plc and the subsidiaries listed in note 11

Inter-company transactions

During the year Standard Financial Group Plc entered into the following transactions, or had closing balances, with the following companies related by virtue of being in the same Group

Company	Transactions £	Narrative	Closing receivable/ (payable) £
Financial Limited	60,444	Inter-company balance	(14,556)
Dominico Limited	-	Inter-company balance	(100)
IFA Compliance Limited	-	Inter-company balance	100,000
Investments Limited	20,000	Inter-company balance	(20,000)

Comparatives for the year ended 31 March 2012 were as follows·

Company	Transactions £	Narrative	Closing receivable/ (payable) £
Financial Limited	122,127	Inter-company balance	(80,772)
Dominico Limited	-	Inter-company balance	(100)
IFA Compliance Limited	-	Inter-company balance	100,000

Key management compensation

	2013 £	*2012 £*
Wages and salaries	**526,567**	*484,001*
Money purchase pension contributions	**3,876**	*3,407*
Employers NI	**60,373**	*57,789*
	590,816	*545,197*

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade receivables	1,089,330	730,837	-	-
Amounts owed by subsidiaries	-	-	100,000	100,000
Other receivables	4,938,958	4,063,400	100,000	102,327
Prepayments	314,771	265,835	7,396	-
	6,343,059	5,060,072	207,396	202,327
Non current - other receivables	-	-	92,054	199,451

Trade receivables constitute financial assets within the category "Loans and receivables" as defined by IAS 39

Non current assets relate to a loan provided on the sale of Financial Private Clients Ltd which is repaid over 4 years from February 2011

Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 90 day terms Due to their short maturities, the directors consider the fair value of trade receivables to approximate their carrying value As at 31 March 2013, no trade or other receivables were either impaired (2012 £nil) or past due but not impaired (2012 £nil) The group believes that it has no significant concentration of credit risk as there are no customers who hold a significant element of the total balance of trade receivables

A provision for impairment of trade or other receivables is established when there is no objective evidence that the group will be able to collect all amounts due according to the original terms The group considers factors such as default or delinquency in payment, significant financial difficulties of the counterparties and the probability that the counterparty will enter bankruptcy in deciding whether the receivable is impaired

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Cash at bank	1,033,837	1,005,202	170	70
Deposit held	400,000	400,000	-	-
	1,433,837	1,405,202	170	70
Bank overdrafts	(78,648)	(6,839)	-	-
	1,355,189	1,398,363	170	70

Cash and cash equivalents constitute financial assets within the category "Loans and receivables" as defined by IAS 39 For the purposes of the cash flow statement, cash and cash equivalents include bank overdrafts The directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid assets is limited because the counter-party is a bank with a high credit rating

16. ISSUED SHARE CAPITAL

	2013	2012
	£	£
Issued and fully paid		
526,900 ordinary shares of £1 each	526,900	526,900

17. CONTROLLING PARTY

Ultimate controlling party is C A Llewellen Palmer, a director of the company

18. DEFERRED TAX

	Balance sheet		Income statement	
	2013	2012	2013	2012
	£	£	£	£
Deferred tax liabilities				
Relating to depreciation	-	(2,213)	-	-

As at 31 March 2013, the group had £nil unrecognised deferred tax (2012· £nil)

19. OTHER PAYABLES

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Other payables	**518,031**	*468,753*	-	-
Amounts owed to subsidiaries	-	-	**34,437**	*80,772*
Accrued liabilities	**486,844**	*301,689*	**129**	*130*
	1,004,875	*770,442*	**34,566**	*80,902*

Other payables constitute financial liabilities within the category "Amortised cost" as defined by IAS 39

The Directors consider that the carrying amount of other payables and accrued liabilities approximates to their fair value.

20. PROVISIONS - GROUP

	Clawback of indemnity £	Complaints £	Total £
At 1 April 2012	78,224	4,571,784	4,650,008
Charged / (Released) to the income statement	(32,709)	1,209,633	1,176,294
Utilised during the year	-	(81,144)	(81,144)
At 31 March 2013	**45,515**	**5,700,273**	**5,745,788**

	Clawback of indemnity £	Complaints £	Total £
At 1 April 2011	168,982	3,205,248	3,374,230
(Released)/Charged to the income statement	(90,758)	1,480,283	1,389,525
Utilised during the year	-	(113,747)	(113,747)
At 31 March 2012	**78,224**	**4,571,784**	**4,650,008**

20. PROVISIONS – GROUP (continued)

Provision for clawback of indemnity commission

The provision for clawback of indemnity commission represents the expected cost of clawbacks from product providers for subsequent policy cancellations and mid term adjustments in respect of policies written at 31 March 2013 The amount represents the gross obligation and, where these amounts can be recovered from network members a corresponding asset is recognised At 31 March 2013, the amount recognised within trade and other receivables was £4,935,374 (2012 £78,224)

Complaints provision

The complaints provision represents the expected cost of settling claims from clients and the amount represents the gross obligation and where these amounts can be recovered from network members and insurers a corresponding asset is recognised At 31 March 2013, the amount recognised within trade and other receivables was £4,935,374 (2012 £4,044,596)

21. CONTINGENT LIABILITIES

The regulatory requirements governing the Adviser network business receives significant attention within the pensions transfer market The company's compliance with these regulations is subject to a process of on-going review and appraisal by both the directors and its regulator, the FCA

The company's regulator has notified the company that it is undertaking Adviser control investigations At this stage whether this indicates the provision of unsuitable advice, existence of control weaknesses and or the requirement for any potential redress remains uncertain. The directors are mindful of their responsibilities and are co-operating fully with this on-going investigation

The company provides for any costs arising from specific regulatory reviews as well as complaints from consumers, both received and anticipated, where these can be reliably and accurately estimated

The financial effect of this investigation has not been disclosed on the basis that the outcomes are so wide ranging that it would not be practicable to provide a reliable estimate of the potential liability, if any, arising

22. OPERATING LEASE COMMITMENTS – GROUP

At the year end date, the Group has lease agreements in respect of properties for which the payments extend over a number of years

Due:	**2013 £'000**	*2012 £'000*
Within one year	**86**	*47*
Within two to five years	**117**	*55*
	203	*102*

STANDARD FINANCIAL GROUP PLC
GLOSSARY OF TERMS AND ABBREVIATIONS
FOR THE YEAR ENDED 31 March 2013

AR	Appointed Representative
ARCH CRU	Two UK open-ended investment companies authorised and regulated by the FCA which invested in a series of Guernsey-domiciled investment companies
CAPITAL ADEQUACY	FCA requirements for capital
CEO	Chief Executive Officer
COMMISSION DIRECT	FINANCIAL are unique, because unlike other networks they do not reconcile the advisers' own commission The advisers do that, and report it on Phossil
CLAWBACKS	When the commission is factored or paid under indemnity terms, as explained, if the money is reclaimed by the provider the industry term is "clawed back"
The Core Group	Financial Limited, Investments Limited and Standard Financial Group Plc
Credit Institution	The European Union, via the FCA, defines all financial services institutions that hold customer assets or money as credit institutions
CRD	Capital Requirements Directive (which modifies CAD)
DA	Adviser firms directly authorized by the FCA
FCA or Regulator	Financial Conduct Authority
Financial Direct	IFA Compliance Limited's trading name
Financial	The name used for the Group
FSMA	Financial Services and Markets Act 2000

STANDARD FINANCIAL GROUP PLC
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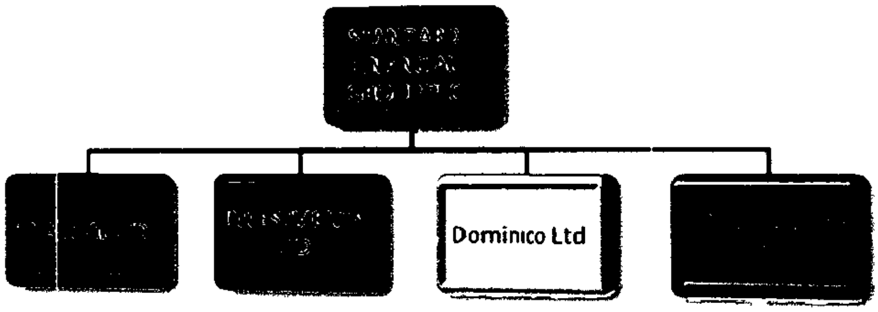
FOR THE YEAR ENDED 31 March 2013

The Group	Standard Financial Group Plc, together with each of its wholly owned subsidiaries that provide the regulatory authorisation and related assistance to Financial Advisors Financial Limited, Investments Limited, and IFA Compliance Limited



Hybrid-Network	A fee based Network for fee based independent financial advisers
ICAAP	Internal Capital Adequacy Assessment Process
IFA	Independent Financial Adviser
Indemnity provision	Literally factoring Advisers receive their commission direct from the providers However, some commission is "factored" meaning paid in the expectation of future premiums being paid by the customers
IT	Information Technology
KPI	Key Performance Indicators
MI	Management Information
Network	Industry term for Franchise Unlike most franchises, the trading names tend to belong to the Advisers Two-thirds of the 25,000 Advisers in the UK, inside 12,000 firms belong to Networks The remainder are authorised directly by the FCA

STANDARD FINANCIAL GROUP PLC
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Phossil	The Group's in-house IT software
PII or PI	Professional indemnity insurance
RDR	The Retail Distribution Review
RI	Registered Individual
TCF	Treating Customers Fairly