Co. HSC

COMPANY REGISTRATION NUMBER: 04630661

STANDARD FINANCIAL GROUP PLC

FINANCIAL STATEMENTS

31 March 2014

STANDARD FINANCIAL GROUP PLC
FOR THE YEAR ENDED 31 MARCH 2014

CONTENTS **Page number**

STANDARD FINANCIAL GROUP PLC
COMPANY DETAIL
FOR THE YEAR ENDED 31 MARCH 2014

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
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2014

TRADING RESULTS

During the last five years we have experienced:

- Annual turnover growth year on year
- An overall reduction in administration costs as a percentage of – a measure of efficiency
- A combined profit before tax (and amortisation of goodwill) from continuing operations of £452k
- Cash balances increased year on year over last 5 years.
- No dividends paid to Shareholders

Trend Analysis	2014	2013	2012	2011	2010
Revenue £'000s	36,624	32,032	26,672	25,642	17,788
Gross profit £'000s	3,256	3,691	3,429	3,254	2,999
Administration costs as a % of revenue	9%	12%	12%	12%	16%
Profit / (loss) before taxation and amortization of goodwill £'000s	(41)	(83)	136	135	82
Cash balances £'000s	1,781	1,434	1,405	1,115	824

We have seen Members turnover continue to rise consistently year on year for the last five years, and we continue to retain a good number of advisers and we have reduced the risks to the business and the end consumer.

This is a notable achievement given the introduction of the Retail Distribution Review in 2013, the most notable upheaval for the advisory market in nearly 30 years.

Member turnover has increased at the same time as member numbers have fallen in the Network. We have concentrated heavily in the last year on ensuring our controls and processes are strong and market matching, if not market leading. The result is a risk controlled business environment allowing Advisers to thrive. This in turn means the end consumer has access to all important advice, but in a well managed and risk controlled environment.

Adviser numbers in the market have fallen, albeit there are conflicting figures on this. Our sense is that RDR has driven a second tranche of industry leavers as new models of operating prove to be less effective or the offers from market consolidators appear more attractive. Our initial reduction in numbers post RDR was 8% but the second year has seen the move in line with the network market with a move to 18% - 20%.

TRADING RESULTS (continued)

The trends in the market are clear. We have seen large Investment manufacturers looking to purchase distribution firms to protect their market and develop the much talked about vertically integrated business that both manufacture financial products and also distribute them. Names such as Skandia, Old Mutual and Russell Investments have been notable for their purchase of network style distributors. Whether this second or third tranche of purchases will result in a successful marriage of manufacturer and distributor remains to be seen but it is a clear trend. The move to directly authorized status by smaller advice firms is also to be noted and this fits with our strategy of offering both network and compliance services to advisory firms.

Over the past year the Board have focused heavily on the control environment for our advisers. Changes to this control environment have seen advisers leave or be encouraged to leave as the Board is totally behind the drive for consumer centric advice and behaviours. This focus has seen the regulatory Companies address over 80% of the actions suggested in a Skilled Persons Review. The Board has done all that it can to work with the FCA and the Skilled Person to ensure that all of our controls and processes are appropriate and fully operational. In addition we have used third parties to provide additional training and development for key consumer focus areas of the business such as file checking, where the whole team were accredited by an independent third party.

We are currently addressing the remaining 20% of the actions recommended, a tremendous performance when taken in conjunction with the significant management time that has been expended together with our trading performance, which has incorporated the external costs involved.

The financial results for the group for the year ended 31 March 2014 are set out in the Consolidated Statement of Comprehensive Income on page 17.

FUTURE DEVELOPMENTS

On 23 July 2014 the regulatory Companies were subject to a ban on recruiting AR's and individual advisers for 126 days resulting from past weaknesses in the firm's systems and controls. The FCA in its report said that it recognises that the Group now has a more experienced board in place which has engaged with the FCA and an external consultant to effect material changes to its systems and controls and risk management framework in line with an agreed remedial action plan. This process of change and cultural realignment has been underway since late 2012 (when we began our Board changes). I am confident that we can get the balance between our members and their clients right and also offer a range of propositions that suit both the advisory market and the consumer.

The Board are currently in 3rd party discussions with a view to strengthening the capital position within the Group. This will also provide us with the opportunity to complete our strategic aim of having a market leading restricted offering, a well-run Network and a service provider for directly authorised advisers. This has been our aim over the last two years and we are now close to fulfilling these strategic targets. Clearly, we have to ensure all our systems and controls meet the highest market standards and we believe they do, whilst at the same time creating a business that allows us to react to and lead advisory market changes.

At FINANCIAL we have continued 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.

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.

Main risks affecting the Group

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.

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.

Main risks affecting the Group (continued)

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 above. 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 directors believe that the Group is positioned to manage its business risks successfully in the current uncertain economic and regulatory environment.

The basis for the preparation of the financial statements is outlined out in note 2 which sets outs matters relating to going concern and why the directors have continued to adopt the going concern basis of accounting.

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 19 days in the year to 31 March 2014 (2013: 8 days).

Employees

As an 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.

On behalf of the board

B Galvin
Managing Director of Regulated Entities

Date: 30 July 2014

STANDARD FINANCIAL GROUP PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

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 2014.

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 £78,360 (2013: £58,808). The directors recommended that no dividend be paid during the year (2013: £nil).

Review

The Group's review of business and key performance indicators are detailed in the Strategic Report.

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 2014 was £1,381,483 (2013: £1,373,000) after deductions of £223,080 (2013: £262,000).

The capital resources requirement for the core group is its Fixed Overhead Requirement; as at the last Pillar 3 disclosure date of 31 March 2014 this was £763,059 (2013: £623,000).

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 2014.

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 2014.

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

CRD IV disclosure

The Capital Requirements Directive IV (CRD IV) requires Country by Country Reporting (CBCR). However, all turnover is derived from the UK and the Company has no establishments overseas. The requirement is therefore met by the information disclosed within these financial statements.

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, 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

B Galvin
C A Llewellen Palmer
R Warrington
I Henson (appointed 4 September 2013)
A Oszmann (appointed 29 May 2014)
A Evans (resigned 12 July 2013)
P K Grigg (resigned 29 January 2014)
R Bailey (resigned 29 January 2014)
S Bernau (resigned 30 April 2014)
K Watkins (resigned 30 April 2014)

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

I R Henson

Company Secretary   Date: 30 July 2014
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 2km to 30km 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 into 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 are 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 the external auditors 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 and the Group Chief Executive.

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.

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 2014

We have audited the financial statements of Standard Financial Group Plc for the year ended 31 March 2014 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 (IFRSs) as adopted by the European Union and, as regards the parent 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs 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 2014 (continued)

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure in note 2 of the financial statements concerning the group's ability to continue as a going concern, which is dependent upon the impact of the recruitment ban recently imposed by the Financial Conduct Authority on the group and the securing of an investment into the Group that will satisfy its commercial and regulatory capital requirements. These conditions 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 Strategic Report and 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 parent company, or returns adequate for our audit have not been received from branches not visited by us; 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.

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: 30 / 7 / 14

STANDARD FINANCIAL GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 £	*2013 £*
Continuing Operations:			
Revenue	2	**36,624,423**	*32,032,684*
Cost of sales		**(33,368,243)**	*(28,341,215)*
GROSS PROFIT		**3,256,180**	*3,691,469*
Administrative expenses		**(3,089,473)**	*(3,742,128)*
Impairment of goodwill		**(223,080)**	-
OPERATING LOSS	3	**(56,373)**	*(50,659)*
Finance costs	6	**(4,561)**	*(5,042)*
FSCS charges		-	*(51,313)*
Other non-operating income		**19,530**	*24,035*
LOSS BEFORE TAX		**(41,404)**	*(82,979)*
Taxation	7	**(36,956)**	*24,171*
LOSS FOR THE FINANCIAL YEAR		**(78,360)**	*(58,808)*

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	2014	*2013*
	£	*£*
LOSS FOR THE FINANCIAL YEAR	**(78,360)**	*(58,808)*
Other comprehensive income	-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR	**(78,360)**	*(58,808)*

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	2014	*2013*
	£	*£*
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**180,351**	*(17,600)*
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR	**180,351**	*(17,600)*

STANDARD FINANCIAL GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2013	**526,900**	**727,768**	**1,254,668**
Total comprehensive expense for the year	**-**	**(78,360)**	**(78,360)**
Balance at 31 March 2014	**526,900**	**649,408**	**1,176,308**

	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*

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Issued share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 April 2013	**526,900**	**184,948**	**711,848**
Total comprehensive income for the year	**-**	**180,351**	**180,351**
Balance at 31 March 2014	**526,900**	**365,299**	**892,199**

	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*

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	Group 2014	2013	Company 2014	2013
ASSETS		**£**	*£*	**£**	*£*
Non-current assets					
Plant and equipment	8	**56,785**	*70,891*	-	-
Goodwill	9	-	*223,080*	-	-
Other intangible assets	10	**1,180**	*3,539*	-	-
Investments in subsidiaries	11	-	-	**696,910**	*446,910*
Other receivables	14	-	-	-	*92,054*
		57,965	*297,510*	**696,910**	*538,964*
Current assets					
Trade and other receivables	14	**3,040,820**	*6,343,059*	**192,955**	*207,396*
Cash and cash equivalents	15	**1,781,431**	*1,433,837*	**42,670**	*170*
Corporation tax repayable	7	-	*9,573*	-	-
		4,822,251	*7,786,469*	**235,625**	*207,566*
TOTAL ASSETS		**4,880,216**	*8,083,979*	**932,535**	*746,530*
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		**649,408**	*727,768*	**365,299**	*184,948*
TOTAL EQUITY		**1,176,308**	*1,254,668*	**892,199**	*711,848*
LIABILITIES					
Non-current liabilities					
Deferred tax liability	18	-	-	-	-
Current liabilities					
Trade and other payables	19	**833,291**	*1,004,875*	**40,336**	*34,566*
Current tax liability	7	**42,705**	-	-	*116*
Borrowings	15	-	*78,648*	-	-
Provisions	20	**2,827,912**	*5,745,788*	-	-
TOTAL CURRENT LIABILITIES		**3,703,908**	*6,829,311*	**40,336**	*34,682*
TOTAL LIABILITIES		**3,703,908**	*6,829,311*	**40,336**	*34,682*
TOTAL EQUITY AND LIABILITIES		**4,880,216**	*8,083,979*	**932,535**	*746,530*

Approved by the Board on 30 July 2014
and signed on its behalf by

C A LLEWELLEN PALMER - DIRECTOR

STANDARD FINANCIAL GROUP PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Group 2014	Group 2013	Company 2014	Company 2013
	£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	(56,373)	(50,659)	(25,650)	(27,657)
ADJUSTMENTS FOR:				
FSCS charges paid	-	(51,313)	-	-
Depreciation	22,041	26,595	-	-
Amortisation	2,359	2,360	-	-
Impairment of goodwill	223,080	-	-	-
Decrease / (Increase) in trade and other receivables	3,302,239	(1,282,987)	106,495	102,327
(Decrease) / Increase in trade and other payables, including provisions	(3,083,711)	1,329,660	5,651	(46,335)
NET CASH FLOWS GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	409,635	(26,344)	86,496	28,335
Tax paid	-	(32,124)	-	(1,008)
Tax received	9,573	-	-	-
	419,208	(58,468)	86,496	27,327
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments to acquire plant and equipment	(7,935)	(3,699)	-	-
Dividends received from subsidiary	-	-	200,000	-
Investment in subsidiaries	-	-	(250,000)	(37,400)
Interest received	19,530	24,035	6,004	10,173
NET CASH FLOWS GENERATED FROM / (USED IN) INVESTING ACTIVITIES	11,595	20,336	(43,996)	(27,227)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(4,561)	(5,042)	-	-
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(4,561)	(5,042)	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	426,242	(43,174)	42,500	100
Cash and cash equivalents, including bank overdrafts, as at 1 April	1,355,189	1,398,363	170	70
CASH AND CASH EQUIVALENTS, INCLUDING BANK OVERDRAFTS, AS AT 31 MARCH	1,781,431	1,355,189	42,670	170

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

The Group's financial statements for the year were authorised for issue on 30 July 2014 and the statement of financial position signed on the board's behalf by 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 2014.

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 considered the group's cashflow requirements during the year and the potential impact of the recent recruitment ban imposed by the FCA. The directors are in discussion with a third party over a potential investment into the group. The directors believe that the additional investment will enable the group to meet its commercial and regulatory capital requirements for the foreseeable future.

However, the directors have concluded that the above factors do constitute a material uncertainty that casts doubt upon the group's ability to continue as a going concern.

Notwithstanding these matters, after considering the uncertainty described above, the directors have a reasonable expectation that the group 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.

2. ACCOUNTING POLICIES (continued)

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-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 profit for the company for the year ended 31 March 2014 was £180,351 (2013: loss £17,600).

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.

2. ACCOUNTING POLICIES (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

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.

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.

2. ACCOUNTING POLICIES (continued)

Leases

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

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.

2. ACCOUNTING POLICIES (continued)

Critical accounting judgements

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

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 counterparty and the probability that the counterparty 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 9).

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 15	Revenue from Contracts with Customers	1 January 2017	Not yet	To be evaluated
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 LOSS

Operating loss is stated after charging:

	2014 £	2013 £
Cost of commissions recognised as an expense	32,204,567	27,540,063
Depreciation of property, plant and equipment – owned	22,041	26,595
Amortisation of intangible assets	2,359	2,360
Impairment of goodwill	223,080	-
Operating lease rentals	90,981	84,220
Auditors' remuneration		
- Fees payable to the company's auditors for the audit of the company's annual financial statements	11,250	4,500
- Fees payable to the company's auditor and their associates for other services to the group:		
- The audit of the company's subsidiaries	27,250	32,750
- Tax compliance services	6,500	6,718

4. EMPLOYEE EXPENSES

	2014 £	2013 £
Wages and salaries	1,538,939	1,671,741
Pension contributions	5,955	6,273
Social security costs	162,252	176,058
	1,707,146	1,854,072

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

	2014 No.	2013 No.
Average number of employees	41	47

5. DIRECTORS' EMOLUMENTS

	2014	*2013*
	£	*£*
Emoluments	**486,837**	*501,223*
Pension contributions	**3,319**	*3,876*

Highest paid director

Emoluments	**100,000**	*100,000*

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,713 (2013 - £nil).

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

	2014	*2013*
	£	*£*
Bank charges	**4,561**	*5,042*

7. TAXATION

	2014	2013
	£	£
Current		
UK Corporation tax	42,705	(12,140)
Adjustments in respect of prior year	(5,749)	(11,478)
Total current tax	36,956	(23,618)
Deferred tax	-	(553)
Tax charge on loss on ordinary activities	36,956	(24,171)

Factors affecting tax charge for the period

The charge for the year can be reconciled to the loss per the income statement as follows:

	2014	2013
	£	£
Loss on ordinary activities before tax	(41,404)	(82,979)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 20%)	(9,523)	(16,596)
Tax effect of expenses not deductible in determining taxable profit	51,577	554
Marginal relief	(3,010)	-
Depreciation in excess of capital allowances	3,647	3,349
Adjustment in respect of prior periods	(5,735)	(11,478)
	36,956	(24,171)

8. PLANT AND EQUIPMENT – GROUP

	Office and IT equipment £	Total £
Cost		
At 1 April 2013	317,527	317,527
Additions	7,935	7,935
At 31 March 2014	325,462	325,462
Depreciation		
At 1 April 2013	246,636	246,636
Charge for year	22,041	22,041
At 31 March 2014	268,677	268,677
Net book value		
At 1 April 2013	*70,891*	*70,891*
At 31 March 2014	**56,785**	**56,785**

	Office and IT equipment £	Total £
Cost		
At 1 April 2012	313,828	313,828
Additions	3,699	3,699
At 31 March 2013	317,527	317,527
Depreciation		
At 1 April 2012	220,041	220,041
Charge for year	26,595	26,595
At 31 March 2013	246,636	246,636
Net book value		
At 1 April 2012	93,787	93,787
At 31 March 2013	**70,891**	**70,891**

9. GOODWILL – GROUP

	2014	*2013*
	£	*£*
Cost		
At 1 April 2013	523,080	*523,080*
At 31 March 2014	523,080	*523,080*
Impairment		
At 1 April 2013	300,000	*300,000*
Charge for the year	223,080	-
At 31 March 2014	523,080	*300,000*
Net book value		
At 1 April 2013	223,080	*223,080*
At 31 March 2014	-	**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% (2013: 8%) consistent with the market rate at which the group can secure external borrowings. Based on these calculations, an impairment charge of £223,080 has been recognised for the year ended 31 March 2014 (2013: £nil), reducing the carrying value to £nil.

10. OTHER INTANGIBLE ASSETS - GROUP

	2014	2013
Software	£	£
At 1 April 2013	9,438	9,438
At 31 March 2014	9,438	9,438
Amortisation		
At 1 April 2013	(5,899)	(3,539)
Charge for year	(2,359)	(2,360)
At 31 March 2014	(8,258)	(5,899)
Net book value		
At 31 March 2014	1,180	3,539

11. INVESTMENTS

	2014	2013
	£	£
Company		
Investments in subsidiaries	446,910	409,510
Additions	250,000	37,400
	696,910	446,910

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 £250,000 (2013: £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 2014 £	*Floating rate 2013 £*
Cash and cash equivalents, net of overdrafts	**1,781,431**	*1,355,189*

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 2014 and 31 March 2013.

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:

	2014	2013
	£	£
Loans and receivables as defined by IAS39:		
- Trade receivables	491,115	1,089,330
- Other receivables	2,143,562	3,835,992
- Cash and cash equivalents, net of overdrafts	1,781,431	1,355,189
Maximum exposure to credit risk	**4,416,108**	*6,280,511*

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 2014 as set out below:

	2014	2013
	£	£
Cash and cash equivalents, net of overdrafts	1,781,431	1,355,189

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.

	Transactions	Narrative	Closing receivable/ (payable)
Company	**£**		**£**
Financial Limited	(25,650)	Professional services	(40,206)
Financial Limited	(250,000)	Increase in share capital	-
Dominico Limited	-	Inter-company balance	(100)
IFA Compliance Limited	-	Inter-company balance	100,000
Investments Limited	200,000	Dividend received	-

Comparatives for the year ended 31 March 2013 were as follows:

	Transactions	Narrative	Closing receivable/ (payable)
Company	**£**		**£**
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)

Key management compensation

	2014	*2013*
	£	*£*
Wages and salaries	**486,837**	*526,567*
Money purchase pension contributions	**3,319**	*3,876*
Employers NI	**55,170**	*60,373*
	545,326	*590,816*

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	*2013*	**2014**	*2013*
	£	*£*	**£**	*£*
Trade receivables	**491,115**	*1,089,330*	**900**	-
Amounts owed by subsidiaries	-	-	**100,000**	*100,000*
Other receivables	**2,143,562**	*4,938,958*	**92,055**	*100,000*
Prepayments	**406,143**	*314,771*	-	*7,396*
	3,040,820	*6,343,059*	**192,955**	*207,396*
Non current - other receivables	-	-	-	*92,054*

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

Non current assets in the prior year related to a loan provided on the sale of Financial Private Clients Ltd which is repaid over 4 years from February 2011. The outstanding balance now falls due within one year.

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 2014, trade and other receivables with a value of £129,925 (2013: £nil) were impaired and £170,214 (2013: £4,390) were past due but not impaired. 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	
	2014	*2013*	**2014**	*2013*
	£	*£*	**£**	*£*
Cash at bank	**291,995**	*1,033,837*	**42,670**	*170*
Deposit held	**1,489,436**	*400,000*	-	-
	1,781,431	*1,433,837*	**42,670**	*170*
Bank overdrafts	-	*(78,648)*	-	-
	1,781,431	*1,355,189*	**42,670**	*170*

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 counterparty is a bank with a high credit rating.

16. ISSUED SHARE CAPITAL

	2014	*2013*
	£	*£*
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	
	2014	*2013*	**2014**	*2013*
	£	*£*	**£**	*£*
Deferred tax liabilities				
Relating to depreciation	-	-	-	-

As at 31 March 2014, the group had an unrecognised deferred tax asset of £40,065 (2013: £12,457).

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	*2013*	**2014**	*2013*
	£	*£*	**£**	*£*
Trade and other payables	**569,590**	*518,031*	**30**	-
Amounts owed to subsidiaries	-	-	**40,306**	*34,437*
Accrued liabilities	**263,701**	*486,844*	-	*129*
	833,291	*1,004,875*	**40,336**	*34,566*

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 2013	45,515	5,700,273	5,745,788
Redress claims paid	-	(1,827,716)	(1,827,716)
Liability released following successful outcome of Court case	-	(2,064,044)	(2,064,044)
Net New Claims received	-	943,197	943,197
Charged to the income	30,687	-	30,687
At 31 March 2014	**76,202**	**2,751,710**	**2,827,912**

	Clawback of indemnity	Complaints	Total
	£	£	£
At 1 April 2012	78,224	4,571,784	4,650,008
(Released)/Charged to the income statement	(32,709)	1,209,633	1,176,924
Utilised during the year	-	(81,144)	(81,144)
At 31 March 2013	**45,515**	**5,700,273**	**5,475,788**

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 2014. The amount represents the gross obligation and, where these amounts can be recovered from network members, a corresponding asset is recognised. At 31 March 2014, the amount recognised within trade and other receivables was £76,202 (2013: £45,515).

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 2014, the amount recognised within trade and other receivables was £1,969,703 (2013: £4,935,374).

21. CONTINGENT LIABILITIES

The Directors believe that the Customer complaint provisions are sufficient to cover any redress payments that may become payable. Where these can be reliably and accurately estimated the company provides for any costs arising from specific regulatory reviews as well as complaints from consumers, both received and anticipated.

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:	**2014** **£'000**	*2013* *£'000*
Within one year	**63**	*86*
Within two to five years	**51**	*117*
	114	*203*

STANDARD FINANCIAL GROUP PLC

GLOSSARY OF TERMS AND ABBREVIATIONS
FOR THE YEAR ENDED 31 MARCH 2014

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
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
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
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